

GROSS DOMESTIC PRODUCT AS A DEVELOPMENT FACTOR FOR THE MANUFACTURE OF WOOD AND WOOD PRODUCTS AND FURNITURE PRODUCTION IN THE REPUBLIC OF MACEDONIA

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ABSTRACT

Gross Domestic Product (GDP) is one of the most important macroeconomic indicators for the developed level and the economic growth and development dynamic of the each country. GDP in the Republic of Macedonia has increase tendency with average annual rate (AAR) from 7,4 % for the period 2006–2011. GDP per capita follow that trend with the AAR from 7,2 %. Parallel with the increase of the total GDP has grow and for the value added in the manufacturing with the AAR from 4,5 % and also in the furniture production with AAR from 1,7 % for the same period. The value added at manufacture of wood and wood products has negative trend with AAR from -7,7 %. The average annual value added of the manufactory of wood and wood products participates with 1, 5 % in the average annual value added of the total manufacturing, respectively with 0,2 % in the average annual GDP. The average annual value added at furniture production participates with 2,0 % in the average annual value added of the manufacturing and with 0,3 % in the average annual GDP for the analyzed period.

Key words: Gross Domestic Product, Gross Domestic Product per capita, value added, manufacture of wood and wood products, furniture production

INTRODUCTION

Gross Domestic Product (GDP) represents a measure of production value realized in a national economy in one year. It represents a basic category which reflects social productions. According to methodological part of the Statistical Yearbook of the State Statistical Office the GDP is the result of the final production activity of all domestic production units in the territory of the Republic of Macedonia in one year reduced the value of the converted bank interest rates and increased by indirect taxes (customs duty, import taxes, value added tax), reduced by subsidies received.

GDP is one of the most important indicators for the achieved level of development and the dynamics of economic growth and development of a country. It is shown in absolute amount or expressed per capita. GDP per capita provides a clear picture of the purchasing power of the population ant its stand-

ard. The population standard affects to wood-working industry development because of its level is directly dependent on consumption and therefore production and product assortment of the manufacture of wood and wood products and furniture production in the Republic of Macedonia.

AIM OF RESEARCH

The aim of research is to keep the continuity to establish the impact of the trends of GDP in absolute amount, GDP per capita and value added like basic category of the GDP as a development factor of manufacturing of wood and wood products and furniture production conditions with analyze of the received data according National Classification of Activities of the Republic of Macedonian economy.

RESEARCH METHODOLOGY

Considering the economic content of the researched subject are used the method of

mathematical analysis. Mathematical analysis represents a part of quantitative analysis using index numbers, average rate of increase and decrease, trend lines etc. In our analyses the increase and decrease tendencies of the appearances are calculated with trend line and annual average rate (AAR) of increase and decrease in the analyzed period.

Analyzed data of GDP in absolute amount, GDP per capita and value added at manufacturing and manufacture of wood and wood products and furniture production in

the period 2006–2011 are obtained from State Statistical Office of the Republic of Macedonia.

RESEARCH RESULTS AND THEIR ANALYSES

GDP in absolute amount and GDP per capita data are taken from the publications of the State Statistical Office of the Republic of Macedonia. Table 1 shows the data in the period 2006–2011.

Table 1: Gross Domestic Product and Gross Domestic Product per capita

Year	Gross Domestic Product (in million Euros)	Gross Domestic Product per capita (in Euros)
2006	5231	2564
2007	5965	2919
2008	6720	3283
2009	6703	3269
2010	7057	3434
2011	7473	3630
Average	6525	3183
AAR (%)	7,4	7,2

Source: State Statistical Office of Macedonia, Publications

The data from the previous table show that the GDP in absolute amount and GDP per capita characterized by the period of growth.

GDP as a synthetic indicator for the successful operation of the Macedonian economy achieved annual average rate of growth from 7,4 %. Its average value for the analyzed period is 6 525 million Euros. Realized GDP per capita which is between 2500 and 3 500 Euros in the past period of time the Republic of Macedonia economy put up the group of countries with higher secondary income level of economic development by the World Bank methodology. The GDP per capita has the positive annual average rate of growth from 7,2 %. It follows a trend of the total Gross Domestic Product. The average

value of the GDP per capita is 3183 Euros for the same period.

Analyzed value added which is the basic category of the GDP is obtained as the difference between gross value of production (total value of goods and services produced within the year regardless of whether they were sold in whole or part left in stock) and intermediate consumption (consumption of raw material and energy, small tools and various parts and other costs other than salaries of employees and depreciation).

The data for the value added at basic prices (in million denars) like a part from the GDP about manufacturing and manufacture of wood and wood products and furniture production according to the National Classification of Activities fully harmonized by

classification of EU, NACE Rev.2 in the period 2006–2011 are shown in Table 2.

Table 2: Value added at basic prices (in million denars)

Year	GDP	Manufacturing	Manufacture of wood and wood products	Furniture production
2006	320059	49627	932	949
2007	364989	64083	797	1141
2008	411728	70634	1219	1421
2009	410734	58035	935	1363
2010	434112	54756	579	1116
2011	459789	61916	628	1031
Average	400235	59842	848	1170
AAR (%)	7,5	4,5	-7.7	1,7

Source: State Statistical Office of Macedonia, Publications

According to the data from Table 2 we can see that the increasing of the total GDP in million denars produce growth of the value added at manufacturing and furniture production. Value added at manufacture of wood and wood products has trend of decreasing.

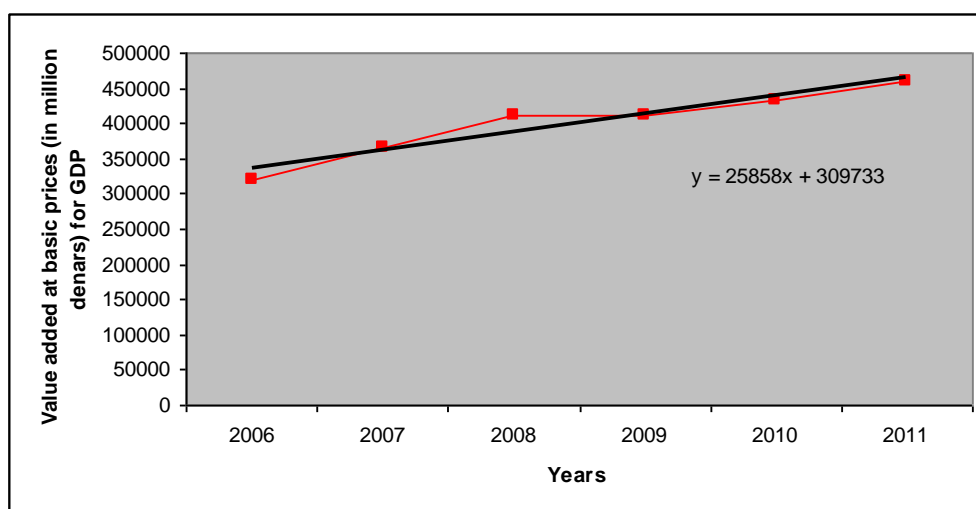
The average annual value added at manufacture of wood and wood products is 848 million denars for the analyzed period. It participate with 1,5% from the annual average value added of the manufacturing (59842 million denars) and with 0,2% from the annual average Gross Domestic Product which is 400235 million denars at the same period.

The average value added per year about furniture production is 1170 million denars in

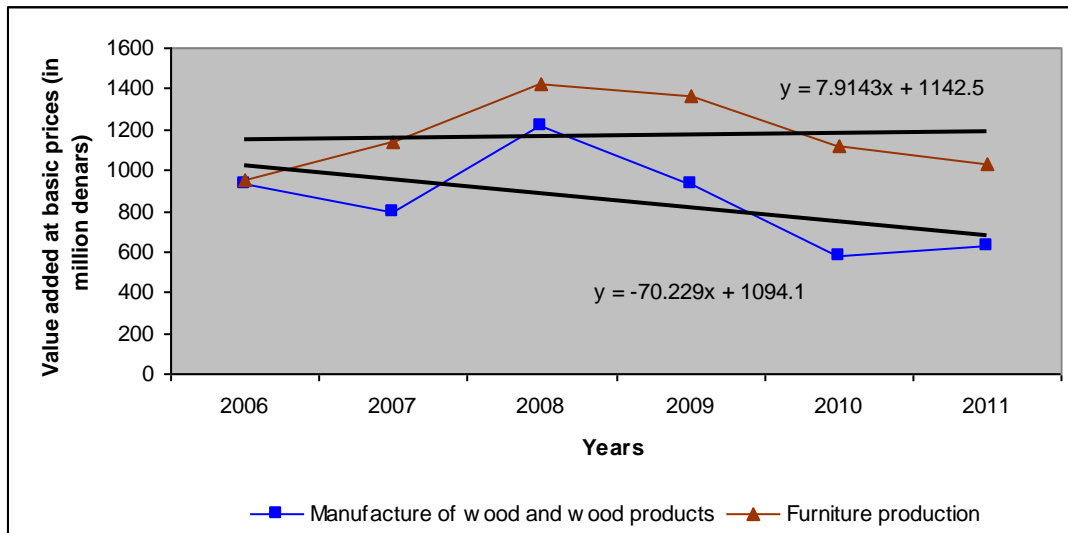
the period 2006–2011. It participate with 2,0 % in the annual average value added at manufacturing (59842 million denars) and also participate with 0,3% in the annual average Gross Domestic Product (400235 million denars) in this period of time.

To present the development tendency of value added as a share of total domestic product, the manufacture of wood and wood products and furniture production in a given period were calculated trends (trend lines) by mathematical statistical methods.

The calculated values are shown in Graph 1 and Graph 2.



Graph 1: Dynamics of value added in Gross Domestic Product



Graph 2: Dynamics of value added in the manufacture of wood and wood products and furniture production

From the calculated values for the movement of value added as a share of the Gross Domestic Product (Graph 1) shows that it has a tendency of growth for the analyzed period. The dynamics of value added in the manufacture of wood and wood products (Graph 2) tends to decrease, unlike the production of furniture characterized by dynamic growth in the period under study.

Transformation by dynamics and the growth of Gross Domestic Product has suitable influence on its distribution respectively generation of reproduction means. The depreciation like expression of the simple production has different participation in the Gross Domestic Product in the Republic of Macedonia for the past period of time. Thereby small volume and the low rates of growth of the Gross Domestic Product and accumulation has a little meaning to create of the real base for extend reproduction. Beside the positive displaces of the cost structure of the Gross Domestic Product the means volume which is allocated for depreciation and accumulation are insufficient for the development and change realization in the econ-

omy structure. It also influence to the manufacturing of wood and wood product and furniture production development.

CONCLUSIONS

Analyzing the data from the previous chapters for Gross Domestic Product in absolute amount, Gross Domestic Product per capita and the value added as the development factor about manufacturing of wood and wood products and furniture production for the period 2006–2011 it can be concluded:

The Gross Domestic Product as a synthetic indicator for successful operation of the Macedonian economy has unsatisfactory level and low rates of growth in comparison with European Union countries. The Gross Domestic Product in absolute amount has increasing tendency annual average with rate from 7,4 % in the period 2006–2011. Its annual average value is 6525 million Euros for the same period. The Gross Domestic Product per capita has the same tendency of increasing with average rate of growth from 7,2 % and realized annual average value from 3183 Euros in this period of time.

Realized GDP per capita between 2500 and 3500 Euros in the past period of time the Republic of Macedonia economy put up in the countries group with higher secondary income level of economic development by the World Bank methodology. According previous information we can say that Macedonian economy has little growth regarding period before 2006 when it was at the countries group with lower income level of economic development by the World Bank methodology.

Parallel with the increasing tendency of the Gross Domestic Product and the value added has increase with the same tendency at the manufacturing and the furniture production in the period 2006–2011. The value added at manufacture of wood and wood products has decrease tendency in this period of time.

The average annual value added of the manufacture of wood and wood products participates with 1,5 % in the average annual value added of manufacturing and with 0,2% in the average annual Gross Domestic Product of the Republic of Macedonia. The average annual value added of furniture production participate with 2,0 % in the average an-

nual added of manufacturing and participation from 0,3 % in the average annual Gross Domestic Product for the analyzed period.

The data analyze of the Gross Domestic Product provides a clear picture for the population standard of each country. The population standard directly affects on consumption and therefore production and product assortment of the manufacture of wood and wood products and furniture production in the Republic of Macedonia.

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