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### FYR Macedonia



**Area:** 25,333 sq km (9,928 sq miles)

**Population:** 2,071,210 (July 2004 est.)

**Capital city:** Skopje (pop: 506,926 - 2002 Census)

**Languages:** Macedonian, Albanian, Turkish, Serbian, Vlach, and Roma

**Religion:** Orthodox 67%, Muslim 30%

**Currency:** Macedonian Denar

**Government:** Parliamentary Democracy

**EU Status:** Candidate Country

### Economic Information

**GDP:** €5.545 bn (2007)

**GDP per head:** €7280 (2007) PPP (purchasing power parity)

**Annual growth:** 5.1% (GDP Growth (2007) - State statistical office)

**Inflation:** 2.3% (2007 - State statistical office)

### Background

The former Yugoslav Republic of Macedonia submitted an application for EU membership on 22 March 2004. Following the Commission's recommendation, the European Council decided on 16 December 2005 to grant candidate status to the country. The European Council concluded that the former Yugoslav Republic of Macedonia will have to demonstrate further progress and achievements in meeting the Copenhagen political criteria, the requirements of the Stabilisation and Association Process and the effective implementation of the Stabilisation and Association Agreement.

Since gaining independence in 1991, Macedonia has faced a number of obstacles to economic growth. These included the 1992-2000 UN economic sanctions on Serbia, 1993-6 Greek trade embargo, 1999 Kosovo refugee crisis and the 2001 internal crisis. The economy started to pick up in 2004, maintaining macro-economic stability and modest growth in 2005/6.

The new government elected in 2006 and re-elected in 2008 puts the economy, with emphasis on attracting Foreign Direct Investment (FDI) and enhancing the business climate, as the cornerstone of its work plan. A number of reforms, primarily tax and business reform have reduced the grey economy and stimulated economic growth. GDP grew to 5.1% in 2007 and is continuing the same trend in 2008, which is the highest since independence was established.



## Trade and Investment with the UK

Since 2003, trade between the UK and FYR Macedonia accounted for between \$65 and \$90 million, with a record level of \$125 million in 2007. Macedonia often has a trade surplus with the UK, which is mostly due to the so-called 'Lohn' production (e.g. importing textiles and accessories, and exporting ready-made clothes for the same customer).

Major UK companies in FYR Macedonia are Johnson Matthey, Imperial Tobacco, QBE, Mittal Steel, Binani Group etc. In 2007, the Crown Agents signed a major contract for consulting services with the Macedonian Customs. UK companies' interests are represented by the British Business Group, which has frequent contacts with the Macedonian Government and the business community.

There are no official services delivered on behalf of UKTI in this market to help British companies who wish to export or invest here. This means that no substantive commercial assistance is provided, although lobbying on behalf of UK companies may be carried out by the Head of Mission on a case-by-case basis.

### Macedonia's main trading partners

The following tables\* provide information relating to those nations with whom Macedonia enjoys the strongest and most fruitful trade relations. The countries shown below are not limited to the EU or Europe as Macedonia enjoys strong trade relations with a diverse range of countries.

#### The major import partners

	Partners	Mio euro	%
	World	3,792	100.0
1	EU	2,301	60.7
2	Russia	422	11.1
3	Bulgaria	318	8.4
4	Serbia Montenegro	256	6.8
5	Turkey	218	5.8
6	Ukraine	96	2.5
7	Croatia	94	2.5
8	Romania	64	1.7
9	China	58	1.5
10	Switzerland	51	1.4
11	Korea	37	1.0
12	Brazil	36	0.9
13	Indonesia	35	0.9
14	USA	27	0.7
15	Bosnia Herzeg.	24	0.6
16	Kazakhstan	19	0.5
17	India	13	0.3
18	Canada	12	0.3
19	Albania	11	0.3
20	Argentina	10	0.3

#### The major export partners

	Partners	Mio euro	%
	World	2,601	100.0
1	EU	1,693	65.1
2	Serbia Montenegro	505	19.4
3	Bulgaria	258	9.9
4	Croatia	147	5.6
5	Bosnia Herzeg.	59	2.3
6	USA	51	2.0
7	Turkey	37	1.4
8	Albania	37	1.4
9	Russia	25	1.0
10	Romania	15	0.6
11	Switzerland	9	0.3
12	Qatar	6	0.2
13	Canada	6	0.2
14	Japan	4	0.2
15	Australia	3	0.1
16	Norway	2	0.1
17	Belarus	2	0.1
18	Egypt	2	0.1
19	China	2	0.1
20	Ukraine	2	0.1

#### The major trade partners

	Partners	Mio euro	%
	World	6,393	100.0
1	EU	3,994	62.5
2	Serbia Montenegro	762	11.9
3	Bulgaria	577	9.0
4	Russia	447	7.0
5	Turkey	255	4.0
6	Croatia	241	3.8
7	Ukraine	97	1.5
8	Bosnia Herzeg.	83	1.3
9	Romania	79	1.2
10	USA	78	1.2
11	China	60	0.9
12	Switzerland	60	0.9
13	Albania	47	0.7
14	Korea	39	0.6
15	Brazil	36	0.6
16	Indonesia	35	0.5
17	Kazakhstan	20	0.3
18	Canada	18	0.3
19	India	13	0.2
20	Argentina	10	0.2

\*Statistics courtesy of the European Commission's *Market Access Database*

\*\*Figures shown relate to the year 2007



## Export & Import opportunities in FYR Macedonia

The tables below show the key goods and services most commonly imported into the EU from Macedonia or exported from the EU into Macedonia.

<u>EU Exports to Macedonia</u>	Mio euro	%
<b>Products (SITC Sections) by order of importance</b>		
<b>TOTAL</b>	<b>2,085</b>	<b>100.0</b>
Manuf goods classif. chiefly by material	630	30.2
Machinery and transport equipment	439	21.1
Chemicals and related prod., n.e.s.	228	10.9
Miscell. manuf. Articles	185	8.9
Food and live animals	150	7.2
Mineral fuels, lubricants and rel. Materials	95	4.6
Crude materials inedible, except fuels	68	3.3
Beverages and tobacco	15	0.7
Commodity. and transactions n.e.c.	10	0.5
Animal and vegetable oils, fats and waxes	9	0.4

<u>EU imports from Macedonia</u>	Mio euro	%
<b>Products (SITC Sections) by order of importance</b>		
<b>TOTAL</b>	<b>1,866</b>	<b>100.0</b>
Manuf goods classif. chiefly by material	828	44.4
Miscell. manuf. Articles	539	28.9
Crude materials inedible, except fuels	207	11.1
Beverages and tobacco	88	4.7
Food and live animals	77	4.1
Machinery and transport equipment	39	2.1
Chemicals and related prod., n.e.s.	22	1.2
Mineral fuels, lubricants and rel. Materials	3	0.2
Commodit. and transactions n.e.c.	3	0.2

## Useful Contacts

### Embassy of the Republic of Macedonia

Suites 2.1-2.2

Buckingham Court

Buckingham Gate 75/83

London

SW1E 6PE

Tel: (0207) 976 0535

Email: [info@macedonianembassy.org.uk](mailto:info@macedonianembassy.org.uk)

Web: [www.macedonianembassy.org.uk/business.html](http://www.macedonianembassy.org.uk/business.html)

### Economic Chamber of Macedonia

Str. Dimitrie Cupovski, 13

1000 Skopje

Macedonia

Tel: + 389 2 3244000

Email: [ic@ic.mchamber.org.mk](mailto:ic@ic.mchamber.org.mk)

Web: [www.mchamber.org.mk](http://www.mchamber.org.mk)



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For more detailed information regarding **Macedonia** or **ANY** other **European Country** please contact **Enterprise Europe Network (West Midlands)** on **0121 455 0268** or by email at [een@birminghamchamber.org.uk](mailto:een@birminghamchamber.org.uk)