

Macedonian Economy

Economy

The Macedonian economy increased slightly during 2014, with a rise of real gross domestic product (GDP) annual growth rate at 3.7%. The GDP annual growth rate for 2015 and 2016 is set at 4.0% and 4.54%, respectively. In 2014, there was a deflation of 0.3%, in contrast to inflation in 2013 which averaged 2.8%. The projections for 2015 and 2016 stand at 1.0% and 2.0%, respectively.

Over recent years, global brands such as Johnson Controls, EVN, Societe Generale, Mobilkom Austria, Lukoil, Johnson Matthey, Vienna Insurance Group, T-Home, TAV Telekom Slovenije, Solway, ArcelorMittal, Marquardt, IBC Israel, Gazit Globe Israel, Acibadem Healthcare Group, Porsche, Kromberg & Schubert, Dräxlmaier, Van Hool and Uniqa have set up operations in Macedonia.

Driven by the favourable economic conditions, the overall demand for goods and services continued to increase throughout 2014 and was mostly satisfied by imports. Together with the rising international prices of key raw materials, electricity and food, this contributed to an overall increase in the trade balance deficit.

Trade Agreements

Framework agreements liberalizing foreign trade between Macedonia, the European Union, the European Free Trade Association (EFTA) and the Central European Free Trade Agreement (CEFTA) countries, as well as Turkey and Ukraine, have expanded the market exposure of domestic manufacturers. Macedonia's major trade agreements are as follows:

WTO

Macedonia has been a member of the World Trade Organization (WTO) since 4 April 2003.

European Union

In April 2001, Macedonia and the European Community and its Member States became signatories to the European Stabilization and Association Agreement effective from April 1st 2004 and the Interim Agreement on Trade and Trade Related Matters covering various trade components effective from June 1st 2001. In accordance with the Stabilization and Association Agreement, customs duties on industrial goods between Macedonia and the EU countries are in the process of being phased out. Currently, there is a wide asymmetric liberalization of EU imports of industrial goods of Macedonian origin which are duty-free. Relief for agricultural produce is also provided.

In March 2004, Macedonia submitted an official application for European Union membership. Having acquired EU membership candidate status in December 2005, the Republic of Macedonia embarked upon the key stages of European integration.

EFTA

According to an Agreement signed on June 19th 2000 which entered into force on May 1st 2002, trade with EFTA countries (Iceland, Liechtenstein, Norway and Switzerland) enjoys preferential terms and conditions.

CEFTA

Macedonia became a CEFTA (Albania, Bosnia and Herzegovina, Moldova, Montenegro, Kosovo and Serbia) member in 2006. The trade component of this agreement came into force on July 26th 2007. In accordance with CEFTA, Macedonia began liberalizing trade in industrial and agricultural goods with CEFTA member countries

Foreign Investment

According to state authorities, gross foreign direct investment in the country for 2014 was around EUR 278 million compared to EUR 264 million in 2013 and EUR 117 million in 2012.