



NORTH MACEDONIA BUSINESS OVERVIEW

February 28th, 2022

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I. KEY FACTS & FIGURES

| | |
|---------------------------|--|
| CAPITAL CITY: | Skopje |
| AREA | 25,713 sq. km |
| POPULATION: | 2,08 million |
| CURRENCY: | Macedonian Denar MKD (1 EUR = 61.5. MKD) |
| GOVERNMENT SYSTEM: | Parliamentary Democracy |
| TIME ZONE: | Central European Time (GMT + 01:00) |
| CREDIT RATINGS: | BB+ Negative Outlook, Fitch (Nov 2021) BB- Stable Outlook, Standard & Poor's (Aug 2021) |

- ✓ Strategic geographical position
- ✓ Highly-liberalized foreign trade policy
- ✓ One of the lowest inflation rate in the region
- ✓ Tax holiday
- ✓ Highly-qualified workforce and one of the most competitive labor costs in Europe
- ✓ Member of NATO and EU Candidate country

II. MACROREVIEW

| MACRO INDICATORS | 2019 | 2020 | 2021 * |
|--------------------------|---------|---------|---------|
| REAL GDP GROWTH: | 3.2 | -4.5 | 3.8 |
| GDP PER CAPITA: | 6.040\$ | 5.920\$ | 6.660\$ |
| INFLATION RATE: | 0.4 | 2.3 | 1.6 |
| UNEMPLOYMENT RATE: | 17.3 | 16.4 | 16.3 |
| CURRENT ACCOUNT BALANCE: | -3.3 | -3.5 | -3.2 |
| GOVERNMENT GROSS DEBT | 40.6 | 51.2 | 53,8 |
| CPI (% change y-o-y) | 1.5 | 0.8 | 0.9 |

LABOR MARKET INDICATORS

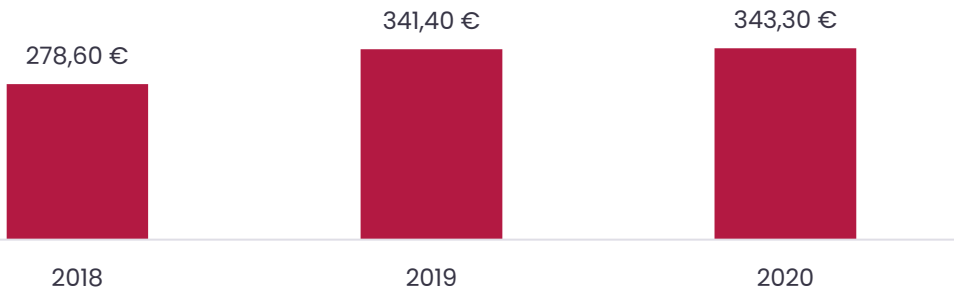
Unemployment

The unemployment rate in the country reached its peak at 20.2%, predominantly due to business entities not being able to survive the Covid-19 pandemic. However, IMF projections suggest that this number would decrease as the situation stabilizes, further reaching 15.7% by 2025.

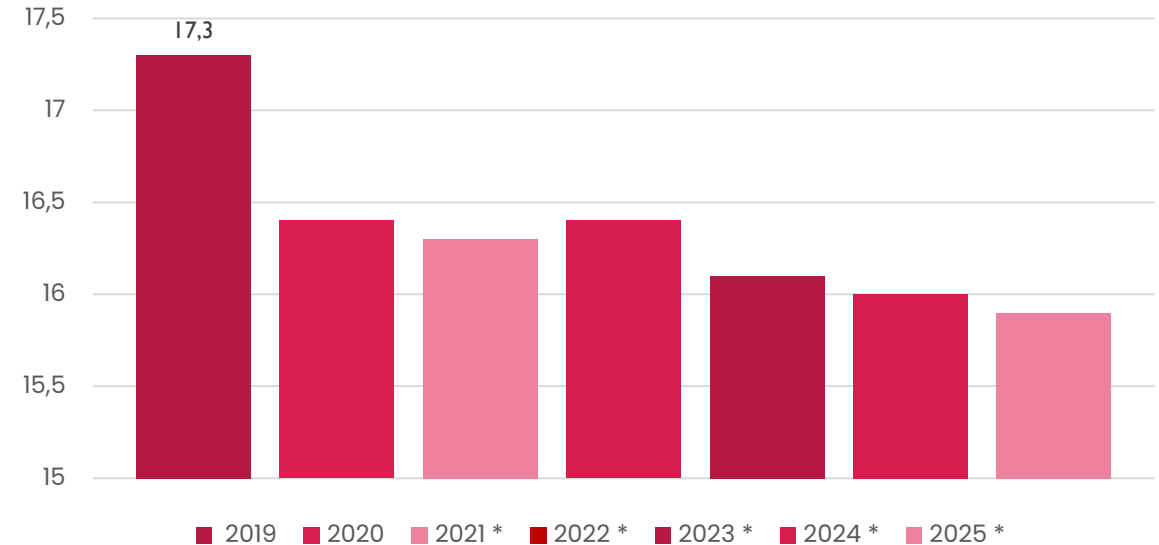
Average net monthly wage

The average monthly gross salary in July 2021 was 41,141 MKD (approx. 668 Eur), a stable increase of approximately 4% compared to the same period last year. This is related to changes and fluctuations on the labor market due to the pandemic, when there was an increase in demand for high skilled labor especially in the IT industry, as opposed to low skilled labor.

Minimum wage (Gross)



Unemployment rate



| SOCIAL CONTRIBUTIONS | 2009 | 2010-2018 | 2019 |
|--|-------|-----------|-------|
| Contribution for Pension and Disability Fund | 19% | 18% | 18,4% |
| Contribution for Health Insurance Fund | 7,5% | 7.30% | 7.40% |
| Contribution for Employment Fund | 1.40% | 1.20% | 1.20% |
| Additional Health Insurance | 0.50% | 0.5%% | 0.50% |
| Total: | 28,4% | 27% | 27,5% |

EXPORT & IMPORT

Export

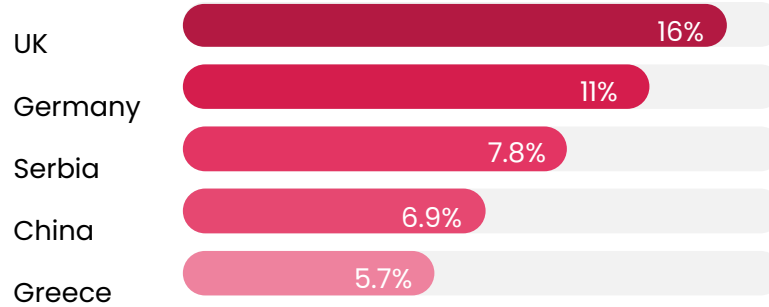
Exports are very important to the economy because they offer people and companies many more markets for their goods/products and services. The key target sectors for export for North Macedonia are: the ICT, machine and automotive components, agribusiness and food processing, and the wine and textile industry.

Import

The major import products/services for North Macedonia lie within the precious stones industry, electrical and electronic equipment and machinery, fuel, oils and iron and steel. The distribution of imports is more diversified among countries of origin, including both the European and Asian continent, however the strategic partnership for import are dominantly formed within countries in the region.

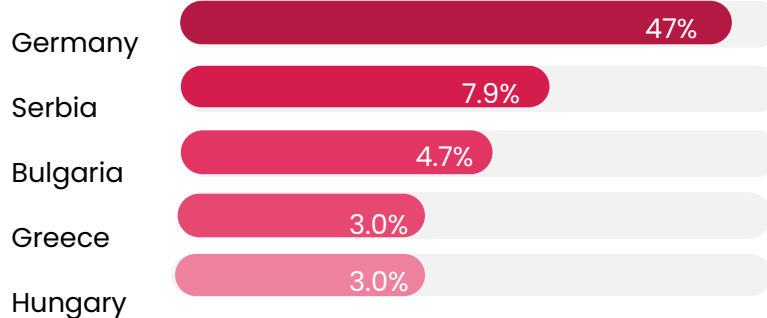
Imports by country

Over 75% of the imports in the country are coming from Europe and are evenly diversified in terms of distribution by country.

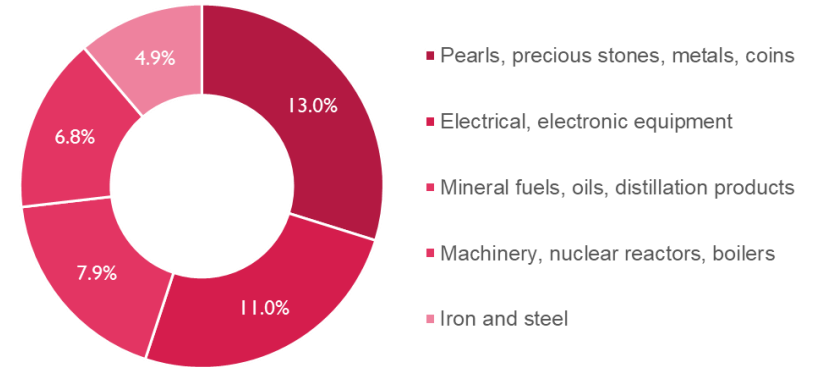


Exports by country

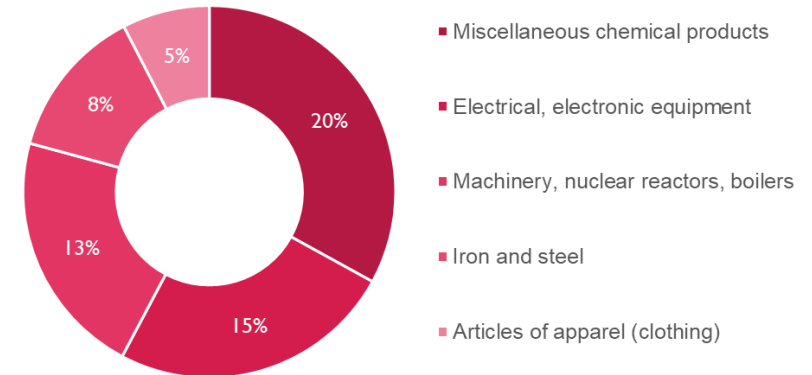
As opposed to the country's import, the most dominant export destination is Germany, comprising almost 50% of the total exports.



Imports by category



Exports by category



KEY INDUSTRIES

Albeit being a predominantly agricultural country, with large plots of land and an acceptable climate for agricultural production, North Macedonia has shown potential for development and is targeting specific key industries for growth. Below are the key industries that are the focus of attracting foreign investment.

Apart from these key industries, the country is also very well situated for wine production, cigarette and tobacco production, and also has potential for growth in the tourism, construction and mineral and metal industries.

Machine and Automotive components

Progressively emerging as a potential hub for automotive components production and bus manufacturing;

Agribusiness and Food Processing

The combined Mediterranean and continental climate offers excellent supply of quality products
EU Standards applied (GLOBALGAP and HACCP)

Energy

One of the best prospect industry sectors for the national economy. North Macedonia is a full member of the Union for the Coordination of Production and Transmission of Electricity European Interconnection (UCPTE)



Information and Communication Technology

Best telecommunication networks in the region – the system is 100% digital. IT talent is more affordable compared to the other competitors

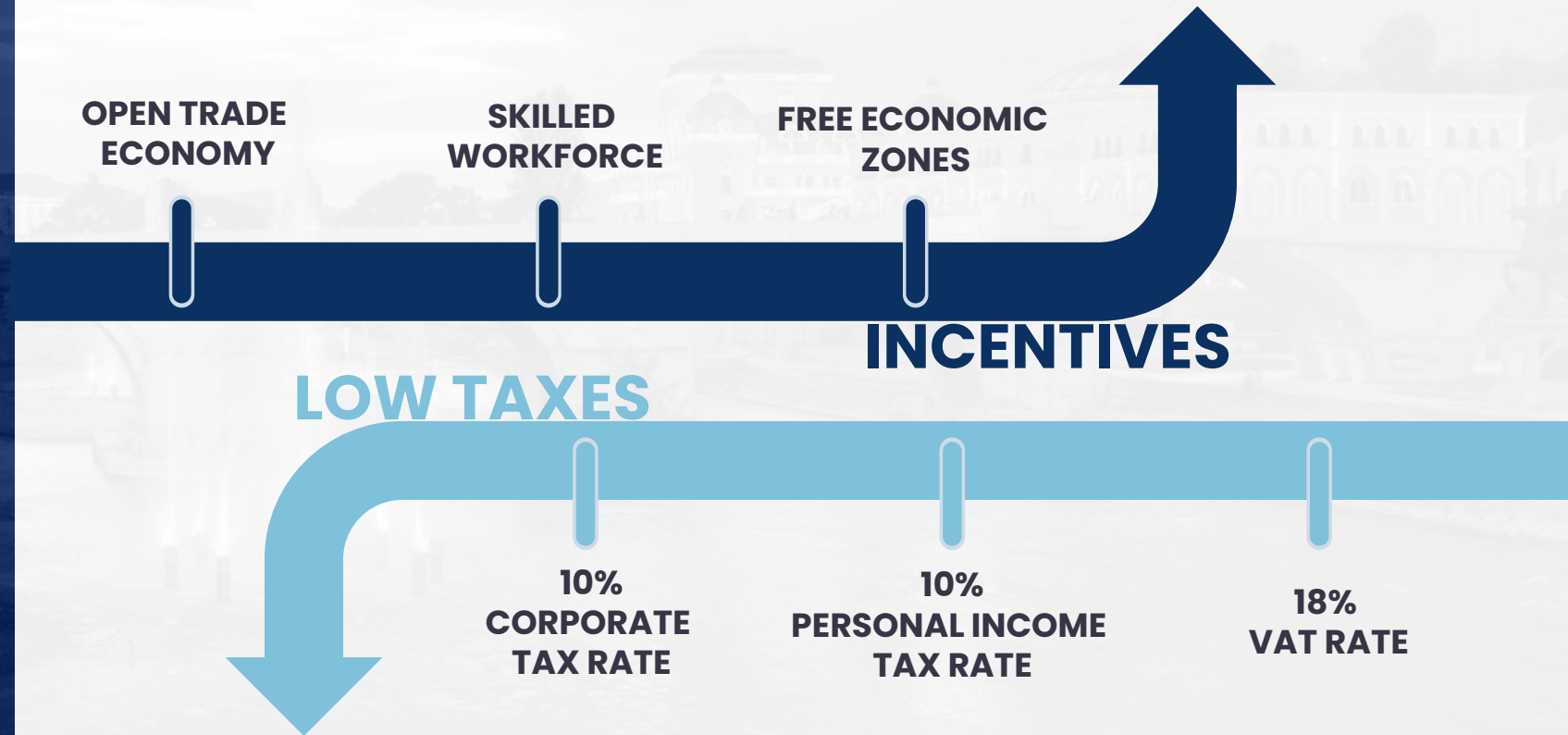
Textile and Clothing

One of the most developed and diversified sectors of the economy in terms of industrial production, employment and export earnings

Pharmaceuticals and Medical Devices

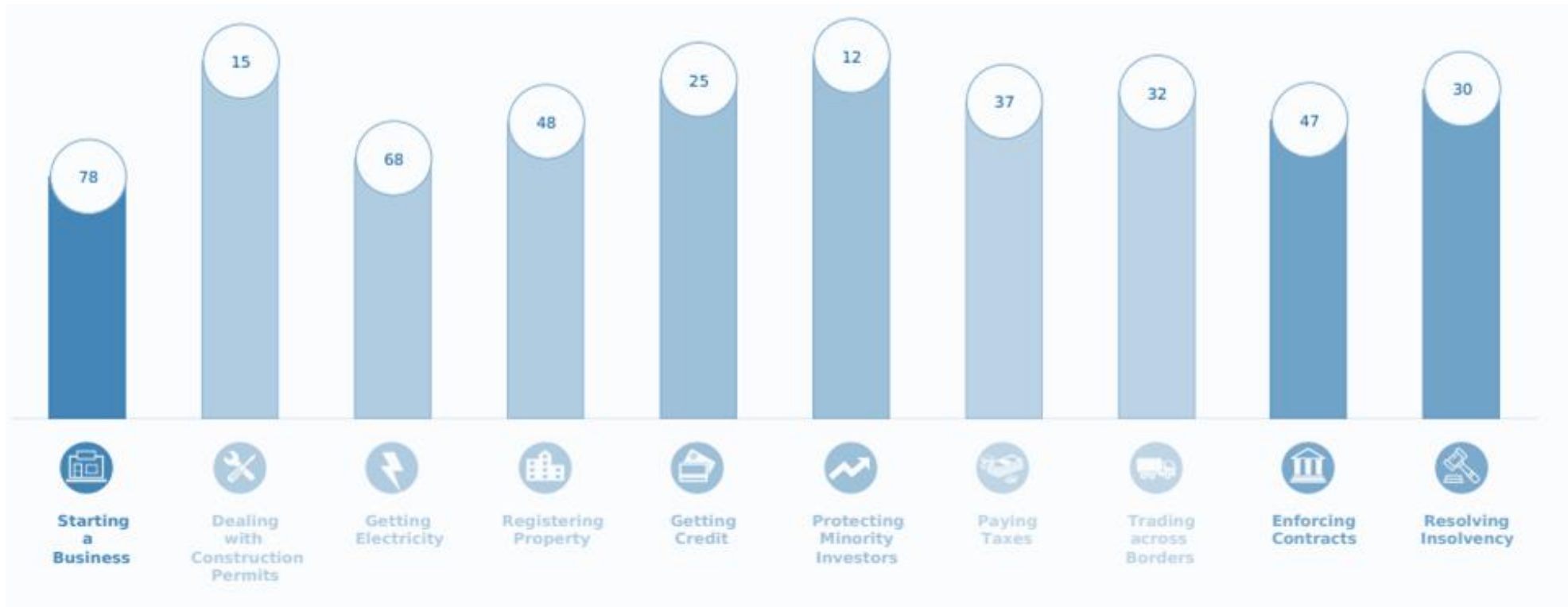
One of the few countries in the world with the legal right to grow and export medical cannabis

III. BUSINESS INFORMATION



BUSINESS RANKING

The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level. The following are the rankings of North Macedonia in the Doing Business Report 2020 within the 10 different ranking categories. Also, the country holds ranks in the 82nd place in the Global Competitiveness Index, ranks 47th for Starting a New Business and most importantly 17th on the Ease of Doing Business ranking by the World Bank.



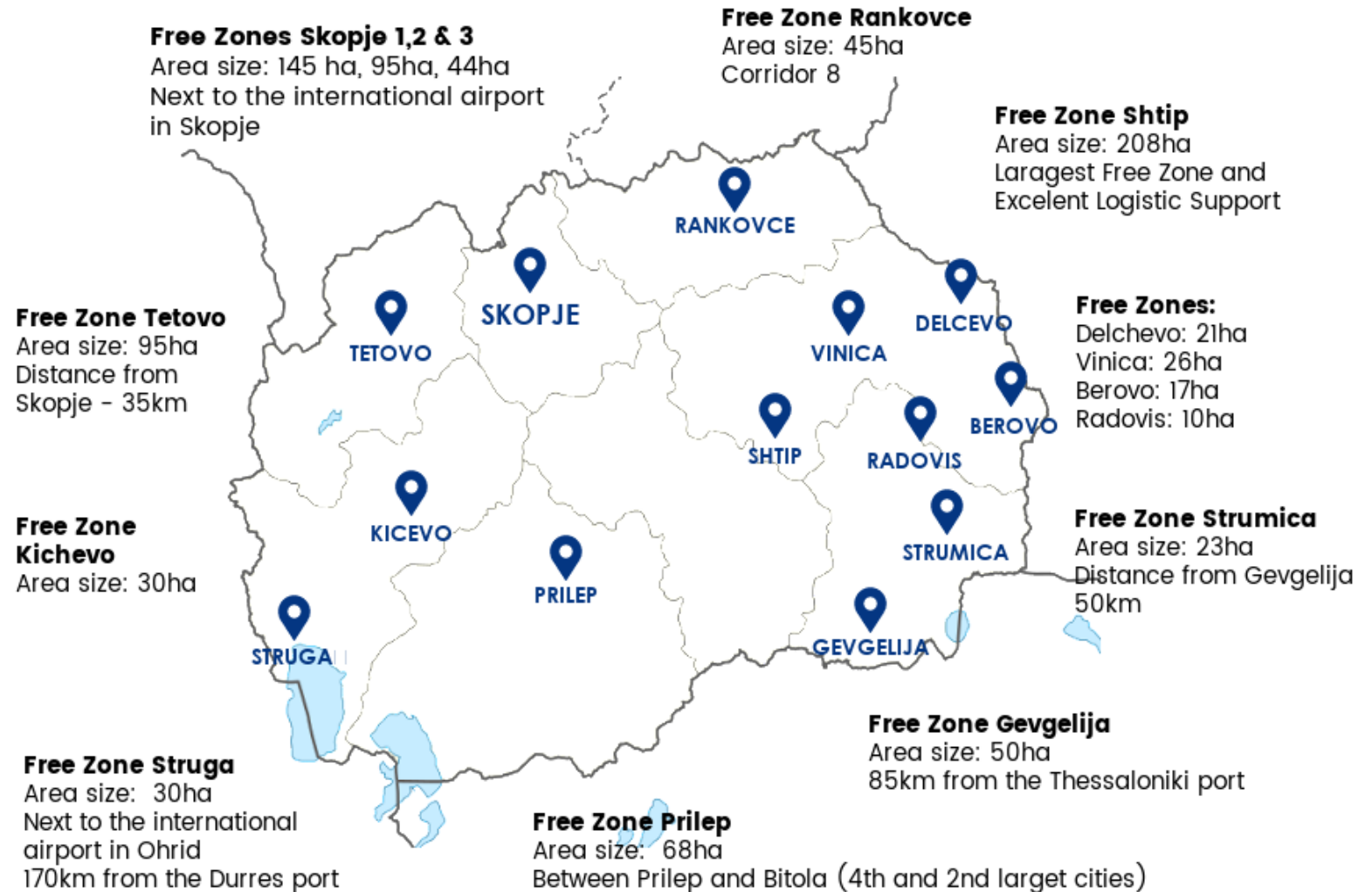
FREE ECONOMIC ZONES

Location Possibilities

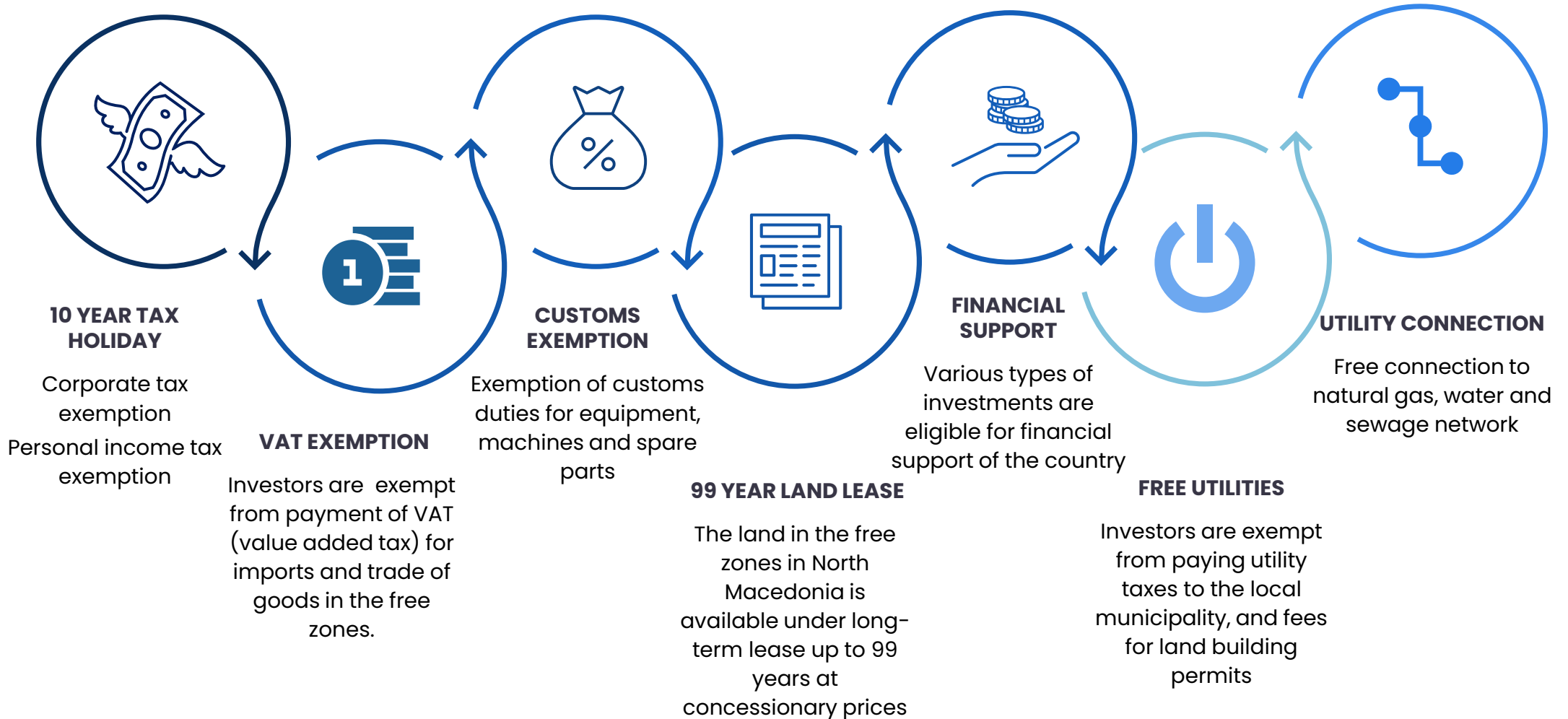
Depending on the need of the investors and especially the timing for the investment, North Macedonia offers two varieties of locations in terms production sites:

- Greenfield locations - includes different types of land with purpose of industrial services (production) based in the Municipality Zones throughout the country or in the Technological Industrial Development Zones (Free Economic Zones)
- Brownfield locations - ready made industrial facilities with purpose for production usage. Those locations are offered for sale or long-term lease.

The Free Economic Zones offer a variety of benefits for investors and future businesses., such as beneficial tax rates, tax exemptions and various forms of financial support.



FREE ECONOMIC ZONE (TIDZ) INCENTIVES



FINANCIAL SUPPORT OF INVESTMENT

Eligibility Criteria

Business entities that :

- have started initial investment and
- have generated growth of revenues and
- have not reduced the average number of employees by more than 5%

Financial Support Amount

For Investment Projects – Up to 50% of investment costs

For Large Investment Project (over 50 mil. Eur)

- up to 50 % of the investment costs of up to € 50 million
- up to 25 % for the portion of the investment costs from EUR 50 million to EUR 100 million
- up to 17 % for the portion of the investment costs exceeding EUR 100 million

Other requirements

- The investment project can not last longer than five years.
- The beneficiary of financial support is obliged to maintain the investment for at least 5 years after the completion of the investment project.
- The share of the beneficiary of financial should be at least 25% of the total eligible investment costs.
- The financial support cannot be granted to a business entity in technological industrial development zones or outside the zones for the same eligible costs for which state aid has already been granted.
- The financial support granted to business entities shall be provided at an annual level by means of a direct payment to the account of the beneficiary.
- The business entity may apply for several types of financial support for investments.

TYPES OF FINANCIAL SUPPORT OF INVESTMENT

New employments

20% of the paid monthly net salary per employee, but not more than EUR 4,400 annually, for a max. period of 5 years

Cooperation with local suppliers

10% of the value of the total procurement from suppliers, but no more than EUR 300,000 annually, for a max. period of 5 years. Applicable only for TIDZ.

Establishing organizational forms for technological development and research

50% of the total investment costs, but not more than EUR 1 million, for a max. period of 5 years

Capital investments and revenues growth

10 % of the investment costs, but not more than EUR 1 million annually, for a max. period of 5 years

Growth of the competitiveness of companies

Financial support in the amount of 10 % of the investment costs, but not more than EUR 1 million annually, for a maximum period of 5 years, if the business entity has increased the revenue at least 5%

For investment in less developed regions

the percentage difference between the highest value of GDP per capita from the planning regions, and the value of GDP per capita in the planning region in which the investment is realized. The amount of the financial support shall be increased by that percent

For Investments of business entities founded by citizens of the RNM with residence or temporary stay outside RNM

For Initial Investments of business entities founded by citizens of the Republic of North Macedonia with residence or temporary stay out of the Republic of North Macedonia, the amount of the financial support shall be increased by 15% of the investment costs, up to EUR 1 million annually.

Investment projects of significant economic interest

Investment projects whose investment is at least EUR 4 million and provides at least 300 new jobs or investment projects whose investment is at least EUR 15 millions, are eligible for the following financial supports:

- 100% refund of the paid personal income tax for a maximum period of 10 years
- 100% refund of paid profit tax, for a maximum period of 10 years
- up to 10% of the investment costs, but not more than EUR 1 million annually, for a maximum period of 5 years
- from EUR 2,000 to EUR 4,000 on a one-time aid for each newly created job, for a maximum period of 5 years

Purchasing the entity that are facing difficulties

20% of the paid monthly net salary per employee, but not more than EUR 4,400 annually, for a max. period of 5 years

IV. TRAVEL INFORMATION

PLACES TO VISIT IN OR NEAR SKOPJE

DEBAR MAALO & BOHEMIAN STREET

The vibrant streets in the heart of the city where most of the cafes and restaurants are located, in the vicinity of the City Park

KALE FORTRESS

The remains of the first fortress built to represent the city of Skopje during the Roman Empire

MOUNT VODNO

The highest surrounding mountain, home of the Millennium Cross that lies on its peak

OLD BAZAAR

One of the oldest merchant corners on the Balkans that dates back to the 12th century

CHURCH OF ST. PANTELEIMON

A 12th-century Byzantine church located in a monastery complex, dedicated to St. Panteleimon - patron saint of physicians

MATKA KANYON

Home of kayaking, rock-climbing, a lovely monastery and 10 caves (the Vrelo Cave being one of the best tourist attractions)

KOZJAK DAM

A favorite location among locals for strolls, hiking, mountain biking, and especially picnics overlooking the lake.

CHURCH OF ASCENSION OF JESUS (ST. SPAS)

Built in the mid- 16th century & situated east of Kale Fortress, this church is a cultural monument protected by the law

TRAVEL INFORMATION

Passport Validity ●

The period between the date of the entrance in Republic of North Macedonia and the expiry date of the passport should not be less than 90 days.

Visa Requirements ●

For holders of a Greek or American passport, a visa is not required for entrance in the country. For information on other country passport holders please check the official site of the Ministry for Foreign Affairs on the following [link](#).

Border crossings (North Macedonia - Greece) ●

All three-land border crossing are open:
Medzitlija/Niki (close to the city of Gevgelija),
Bogorodica / Evzoni (close to the city of Bitola),
Dojran/Dojrani (close to the city of Dojran)



● Prices

Goods and services in North Macedonia are fairly inexpensive. Credit cards are accepted almost everywhere, with few exemptions mainly in mom-and-pop shops.

See all [prices](#) of common goods. Have in mind that the prices are average.

● Time Zone

North Macedonia is the CEST time zone (GMT +1), meaning 1 hour behind Greece.

● Mobile Roaming Charges

Roaming charges apply towards all EU Countries. Please check rates with your local telecommunication provider.

COVID-19 MEASURES & CUSTOMS PROCEDURE

ENTERING THE COUNTRY

Effective September 1st, all travelers aged 18 and above entering North Macedonia must provide one of the following documents:

- Vaccination certificate with two doses of COVID-19 vaccine;
- Negative PCR test taken within 72 hours prior to travel;
- Negative rapid antigen test taken within 48 hours prior to travel; or
- Certificate or proof of having recovered from COVID-19 in the last 180 days (6 months), counting from the day of recovery;

Foreign citizens ages 18 and above entering the country without any of the above stated documents must quarantine for seven days at their own expense. The quarantine period can be shortened to five days after presenting a negative PCR test taken after day five.

UPON ARRIVAL – CUSTOMS

If you are carrying sample products with you for trade mission purposes, they are not subject to customs tariffs if they abide by the following:

- A product that is aimed to be presented and not sold
- Its value is small or insignificant
- The package is small
- Must be related to the industry in which the company operates
- Must contain a label: “SAMPLE” or “NOT FOR SALE”

There is no pre-determined maximum number of samples that a person can carry, and this amount is assessed on a case-by-case basis.

Therefore, the individual has an obligation to declare and show the samples to a Customs Officer. If they satisfy the above-mentioned criteria, the product samples should be exempted from customs duty.

Regarding currency restrictions for entry/exit, more than 10,000 Euros must be declared to the Customs Officer.

AFTER ARRIVAL

Individuals are not required to wear masks or face coverings outdoors, except when gathering in large groups.

However, a face cover is required in all closed or indoor spaces, including shopping malls, markets, shops, banks, post offices, health facilities, taxis, and public transport.

When staying at hotels, individuals are allowed to make a reservation without any pre-condition, pertaining to the fact that they have entered the country with the one of the required documents.

However, as of November 2021, for attendance at events, trainings, conferences and large gatherings regardless of location, individuals must hold a COVID-19 vaccination certificate, or a certificate of recovery issued within the previous 45 days. If any of the two documents are not provided, individuals will not be able to attend the event.

USEFUL LINKS:

- [Invest in North Macedonia](#)
- [Invest in North Macedonia 2020 Report](#)
- [Doing Business Report 2020](#)
- [AmCham North Macedonia](#)
- [Trading Economics – North Macedonia](#)
- [Invest in SEE](#)

