

# U.S. Country Commercial Guides



## Macedonia 2018

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## Doing Business in Macedonia

### Market Overview

The Republic of Macedonia is an emerging market. With a population of less than 2 million, this small, land-locked economy in South Eastern Europe has made great strides in reforming its economy over the past two decades, but remains one of Europe's poorest countries.

- EU and NATO candidate
- Ranked 11<sup>th</sup> best by the World Bank's Doing Business 2018 report
- Open economy that welcomes foreign direct investment and trade
- Middle-income country with per capita income of \$5,474 in 2017
- Sound macroeconomic fundamentals
- Stable currency pegged to the euro
- Low inflation (1.4 percent in 2017)
- GDP stagnated at zero percent in 2017
- Unemployment rate of 21.6 percent; youth unemployment of 44.3 percent
- Competitive wages (average monthly salary of \$421 in 2017)
- English-speaking workforce
- Low taxes: 10 percent rate on personal and corporate income
- Largest sources of FDI are Austria (12.4 percent of total), the Netherlands (11.4 percent), Germany (10.8 percent), Slovenia (10.0 percent), and Greece (8.3 percent)
- Total 2017 trade (imports plus exports) of \$13.4 billion, or 118.1 percent of GDP
- Largest trading partners in 2017 were Germany (26.7 percent of total trade), UK (6.4 percent) Greece (6.1 percent), Serbia (6.0 percent), and Bulgaria (5.0 percent)
- In 2017, the United States was Macedonia's 16<sup>th</sup> largest trading partner. U.S.- Macedonia trade totaled \$232 million, of which U.S. exports were \$176 million (Government of Macedonia statistics) In 2017, U.S.-Macedonia trade totaled \$297 million, of which U.S. exports were \$41 million (U.S. Government statistics)

Member of European Free Trade Agreement (EFTA) and Central European Free Trade Agreement (CEFTA); bilateral Free Trade Agreements with Turkey and Ukraine.

### Market Challenges

- Weak rule of law and corruption
- Political interference in the economy
- Slow moving judicial system
- Legislative and regulatory contradictions
- Inefficient bureaucracy
- Opaque tendering process
- Inconsistent enforcement of intellectual property rights
- Delays in collecting payments from both public and private sector entities
- Need for improvements in transport infrastructure

### Market Opportunities

- The most successful U.S. trade products during 2017 in Macedonia were engine and engine parts, parts and accessories of vehicles, pharmaceutical preparations, chemicals, industrial machines, meat and

poultry, and computer hardware and software. **Energy** – The government has privatized some energy assets and is providing concessions for other energy opportunities. The private electricity distribution company continues to make substantial infrastructure investments.

- **Transportation** – As Macedonia upgrades its transportation infrastructure, there are opportunities in this sector.
- **Information Technology and Computers** – This growing sector continues to provide opportunities for U.S. companies.
- **Construction** – There are both export and investment opportunities available for U.S. companies in the construction and building materials sector.
- **Tourism** – The country's geographical location, scenic areas, and historic and religious sites provide opportunities for tourism industry investment, development, and management.
- **Agriculture** – Agriculture is an important segment of the economy, and there are opportunities for trade and investment in agriculture and food processing equipment.

### **Market Entry Strategy**

- The best strategy to enter the market varies according to the product, service, industry, and company's long-term strategy.
- Visiting the country to determine the best market entry strategy is recommended.
- Before choosing local agents or distributors, due diligence is crucial. Maintaining close contact with them is also important.
- Establishing qualified local legal services for contract negotiations is highly advisable.

## **Political Environment**

### **Political Environment**

For background information on the political and economic environment of Macedonia, please read <https://www.state.gov/r/pa/ei/bgn/26759.htm>

## **Selling U.S. Products & Services**

### **Using an Agent to Sell U.S. Products and Services**

Use of an agent or distributor is not legally required. When doing business in Macedonia with agents and distributors, U.S. companies are strongly encouraged to identify reliable, vetted, and proven individuals. Typically, one agent or distributor can cover the entire country effectively. Because of the relatively small size of Macedonia, potential partners may want to cover other countries in the region.

U.S. companies can consult business associations such as the American Chamber of Commerce in Macedonia for advice on identifying a trustworthy agent or distributor.

### **Establishing an Office**

U.S. companies wishing to establish a presence in Macedonia have several options. The Trading Company Law authorizes local and foreign individuals or companies to establish the following types of business entities: general partnership (JTD), limited partnership (KD), limited liability company (DOO or DOOEL), joint-stock company (AD), limited partnership by shares (KDA), and sole proprietorship (TP). In addition, foreign-domiciled companies and foreign sole proprietors can open branch offices.

The [Central Registry](#) registers new local companies and branch offices of foreign companies. It has a single window (one-stop-shop) system, simplifying the process of establishing business entities.

A foreign company may also establish a representative office to conduct market research and gather information by registering with the Central Registry. A representative office is not a legal entity in Macedonia and may not carry out commercial activities.

It is highly advisable to work with a reputable local business consultant, attorney, and accountant.

### **Franchising**

Franchising is legally permitted but continues to be a relatively unexploited concept in Macedonia. Several international franchises are present, especially in the retail, hotel, and food and beverage sectors. Given Macedonia's small size, investors may wish to buy franchise licenses for several markets in the region and not just for Macedonia.

### **Direct Marketing**

Direct marketing is not well developed in Macedonia. Facebook advertising is the most successful channel; techniques such as direct mail, telemarketing, and television sales are less popular. Home demonstrations and door-to-door sales are not used; however, Avon has reported success with direct selling.

Direct marketing and selling from the United States to Macedonia is still quite difficult due to Macedonia's low purchasing power, the high cost of shipping, and lack of security for packages. Citizens in Macedonia still prefer to pay with cash; debit and credit card usage is growing yet lags behind other European countries. Macedonia is behind in access to electronic payment systems and innovative payment solutions.

Macedonia's Law on Personal Data Protection requires that customers be given the opportunity to object to the processing of their personal details and to opt-out of having their personal data used for direct marketing purposes.

## **Joint Ventures/Licensing**

Macedonia permits, but does not require joint ventures. Joint ventures, including between foreign and local investors, are increasingly common. Joint ventures are subject to the provisions of Law on Protection of Competition, which regulates the concentration of economic activity.

Licensing is not widely used in Macedonia outside of the pharmaceutical industry.

## **Selling to the Government**

Selling to government entities in Macedonia is not an easy process. Macedonia has a decentralized public procurement system, with each government entity carrying out its own procurements.

Macedonia's lack of transparency, political favoritism, corruption, and mismanagement are historically serious obstacles for companies bidding on public tenders. Some local and foreign companies reported that some government tenders were clearly written with a specific, politically connected, company in mind and that those politically connected firms sometimes tried to deter competitors from bidding. Businesses also reported late payments by the central and municipal governments for works, goods, and services. While the European Union's April 2018 report recommended that member states open accession negotiations with Macedonia, it also suggested Macedonia needs to do more to prevent irregularities and corruption during the procurement cycle and to ensure a transparent, efficient, and effective public procurement regime.

The Law on Public Procurement, adopted in 2007 and subsequently amended, regulates public procurements in Macedonia. The central government, municipalities, and any entity receiving public funds must follow public procurement procedures outlined in that law. The law guarantees equal treatment to local and foreign economic operators in public procurement; only a handful of tenders (especially in defense) are restricted to domestic companies.

The law authorizes different types of public procurement procedures: open procedure, restricted procedure, competitive dialogue, negotiated procedure (with or without prior publication of a contract notice), and simplified competitive procedure. A simple tender, a two-phase tender, a silent auction, or negotiations with three or more potential contractors (one in exceptional cases) must precede an award. Government entities are legally obligated to post all tenders above EUR 500 for goods and services and above EUR 200,000 for works on the EU Tenders Electronic Daily (TED) website.

The law mandates use of electronic auctions and awards based solely on the lowest price criterion, rather than on the concept of economically most favorable bid. This can disadvantage U.S. companies producing higher quality, but initially more expensive, products (e.g., medical equipment). The Public Procurement Bureau within the Ministry of Finance operates the [e-procurement system](#). Prior registration with the electronic system for public procurement (ESPP) is mandatory to participate in public tenders. Economic operators can appeal procurement decisions with the State Committee for Appeals of Public Procurement Procedures.

Macedonia's public procurement suffers from low competition and annulments of tenders. Any bidder can contest the bid evaluation process. The Second Instance Commission reviews prospective tenders to ensure contracting authorities were not reducing competition through technical specifications. This has made public procurements slower and more expensive for contracting authorities without increasing competition.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in *"Trade and Project Financing"* for more information. Tenders financed by international financial institutions such as the World Bank must be conducted pursuant to the organization's procurement guidelines. The U.S. Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the [World Bank](#) and the [European Bank](#)

[for Reconstruction and Development](#). Requests for assistance regarding World Bank and EBRD tendering processes can be addressed to those liaison offices.

Macedonia is in the process of acceding to the WTO Agreement on Government Procurement (GPA).

### **Distribution & Sales Channels**

U.S. companies seeking to distribute and sell their goods will find a considerable number of merchants, agents, middlemen, wholesalers, and retailers available in Macedonia. Most of the typical distribution channels are available, although they often lack the sophistication found in EU markets.

Since Macedonia is a land-locked country, sea freight arrives primarily from the port of Thessaloniki in Greece, and less frequently from the ports in Piraeus (Greece) and Durres (Albania). Air freight arrives at one of Macedonia's two airports: in Skopje and Ohrid. Information about cargo operations at Skopje's airport can be found [here](#). Goods also arrive overland by truck and by rail.

Most consumer goods are imported by distributors who resell to retailers. A few retailers import goods directly for sale in their own outlets.

Macedonia's retail sector is dominated by small shops. There are a few shopping malls in Macedonia, including Skopje City Mall, which opened in 2012.

Two large foreign supermarket chains are present in the market: Vero (part of the Greek Veropoulos group) and Turkish Ramstore. Local grocery retailers include Tinex, Kam Market and Kipper Market.

### **Express Delivery**

Major express delivery service providers, such as FedEx, UPS, DHL, and EMS (operated by Macedonian Post) serve Macedonia. Express shipping from large U.S. cities generally takes from three or four business days (FedEx, UPS, and DHL) to a week (EMS).

International postal traffic is subject to customs supervision in accordance with local customs and postal laws and international postal regulations. Customs procedures are sometimes unduly burdensome. Goods that pass-through customs are released only after the payment of required duties. Currently, the *de minimis* threshold for goods that pass through customs is about 1,350 denars (per NBRM June 2018 middle exchange rate: USD 26.00).

### **Selling Factors & Techniques**

Sales materials, labels, usage instructions, and declarations (e.g., information about what the product is made of, who produced it, who imported it, expiry date) must be in the Macedonian language.

Selling techniques vary according to the industry and product. Companies should research Macedonia's market before implementing promotional activities, as strategies used in the United States may not be equally effective in Macedonia.

Price is usually the decisive selling factor, since disposable income in Macedonia remains low compared to Western European countries. Brand image is also increasingly important, leading some consumers to purchase cheap knockoff merchandise and counterfeits online and at local shops, often believing they are buying genuine items.

Financing and payment terms play a key role in sales. Many buyers prefer to pay for purchases in monthly installments. Quality and support services attract more sophisticated customers with higher incomes.

Strong local contacts are important for success. Companies should be prepared to spend time cultivating relationships with buyers and finding motivated and skilled local sales representatives.

## **eCommerce**

eCommerce is growing in Macedonia, but is still relatively low, both in terms of local merchants selling and consumers shopping online. In 2010, less than 1 percent of Macedonia's citizens were buying online. A 2016 UNCTAD report measuring the B2C e-commerce index of countries ranked Macedonia 45 out of 137 countries.

By the end of December 2017 internet penetration was 75.9 percent, compared to 46 percent in 2010.

Of those with internet access, 20 percent ordered through the internet in 2017: 40.8 percent from local companies, 20.7 from the EU, and 58.6 percent from other areas of the world.

Analyses done by the Association of eCommerce of Macedonia (AECM), show that consumers in Macedonia in 2017 spent USD 124 million on online purchases of clothing and sports equipment. The orders are usually made on foreign eCommerce sites (outside Europe) of around USD 60 per order, one-to-three times over a period of 3 months.

## **Current Market Trends**

While eCommerce continues to grow, Macedonia has several barriers to eCommerce. Economic barriers include lack of purchasing power and under-developed financial systems to support eCommerce. Many local consumers and businesspeople have poor ICT literacy and lack knowledge of eCommerce. Consumers still prefer face-to-face interactions and cash payments. The legal and regulatory framework is not fully up to date.

## **Domestic eCommerce (B2C)**

Domestic eCommerce is still relatively underdeveloped. The share of individuals shopping online and local businesses selling online is lower than might be expected. Grouper.mk (a local version of Groupon) is the most popular domestic eCommerce site. Other local businesses selling to customers online include companies that sell event tickets, deliver groceries, and deliver carry-out restaurant meals. Customers shopping online, including through Facebook, generally pay cash upon delivery.

Media coverage of eCommerce most commonly focuses on the risk of counterfeits purchased online. There is no significant debate or communication between the business community and government bodies. Banks offer eBanking services, but there is no wider support stimulating eCommerce activities.

## **Cross-Border eCommerce**

20 percent of citizens with internet access in Macedonia purchased online in 2017. 80 percent of them were made via AliExpress retail service and other foreign websites, mostly in the UK, Luxemburg, Hungary, the United States and Ireland. Users mostly ordered consumer goods such as clothes and sports equipment. For specific needs, eBay is used, although on a much smaller scale. Consumers are extremely price sensitive, and price is usually the decisive factor in purchase decisions.

## **B2B eCommerce**

B2B eCommerce is under-developed in Macedonia. Only 10.3 percent of enterprises receive or place orders online. B2B eCommerce is most common in the ICT sector.

## **eCommerce Services**

The eCommerce service system is not well developed in Macedonia. Largest service providers include [Makedonski Telekom](#), [Halkbank](#), [UNI Bank](#) and [Stopanska Banka](#).

## **eCommerce Intellectual Property Rights**

Many local consumers have low levels of digital literacy and purchase cheap fakes online believing they are genuine. Macedonia's Customs Administration is aware of the potential for intellectual property rights (IPR) infringement in eCommerce. The Customs Administration inspects packages arriving from foreign online retailers and holds IPR infringing goods. To protect consumers from fake drugs sold over the internet, since 2015 local law has prohibited the online sale of medications that are available only by prescription in Macedonia.

## **Popular eCommerce Sites**

The most popular foreign eCommerce site is AliExpress. The most popular domestic eCommerce site is Grouper.mk, an eCommerce marketplace connecting consumers with merchants.

## **Online Payment**

Macedonia lacks full access to innovative payment systems, especially for mobile commerce. Internet transactions originating in Macedonia have been blocked or restricted by several major e-commerce sites, including Amazon and e-Bay. Consumers in Macedonia may use PayPal only to send funds.

## **Mobile eCommerce**

Smartphone usage in Macedonia continues to rise. Shopping through mobile devices still lags, in part due to delays in implementing technologies to facilitate mobile eCommerce.

## **Digital Marketing**

Digital marketing is increasing. Facebook advertising is currently the most successful, due to the popularity of Facebook in Macedonia.

## **Major Buying Holidays**

Major consumer buying holidays in Macedonia are Orthodox Christmas, Orthodox Easter, and Ramadan. Because of the start of the traditional summer holiday period, the end of June and beginning of July are also popular among shoppers.

## **Social Media**

With over 1 million accounts, Facebook is by far the most popular social media in Macedonia. Twitter is primarily used by opinion makers. LinkedIn is most popular for professionals, but its penetration remains low.

Young generations use Instagram and WhatsApp. Viber is becoming popular and is used to make phone calls and send messages.

### **Trade Promotion & Advertising**

All forms of advertising are used in Macedonia: online, television, radio, newspapers, magazines, outdoor billboards and signs, direct marketing, trade shows, event sponsorship, and social media brand ambassadors.

### **Broadcast Media**

Television has the broadest media reach, but is often too expensive for local companies. Foreign companies might need to cover the cost of television commercials for their representatives in Macedonia.

In addition to state-owned broadcaster Macedonian Radio Television (MRT), which is funded from the national budget as well as advertisements, there are a number of private television stations with national coverage, national television stations broadcasting via satellite, private regional, and private local television stations. Cable TV is increasingly popular with a growing number of regional stations. The most-watched national television stations are Sitel, Kanal 5, Telma, Alsat M, Alfa, MRT Macedonian language TV, MRT Albanian language TV and TV 21. There are also number of radio stations broadcasting throughout Macedonia.

### **Print Media**

There are Macedonian-language daily newspapers (Nova Makedonija, Sloboden Pecat, Vecer, and most recently Nezavisen) and an Albanian-language newspaper (Koha) in Macedonia. Several specialty magazines are also published in Albanian and Macedonian (e.g., Fokus, Kapital, Republika, Shenja, Ekonomija i Biznis).

### **Internet**

All major broadcast and print media offer up-to-date web editions, and the number of online media outlets in the country continues to grow. Social media networks, especially Facebook, are exceptionally popular in Macedonian.

Business directories include [Yellow Pages](#) and [Zlatna Kniga](#).

### **Outdoor Advertising**

Most outdoor advertising is limited to billboards, buses, and large signs. There are some electronic displays in larger cities.

### **Direct Mail**

As postal service improves, direct mail advertising is slowly increasing.

### **Retail/Point-of-Sale Advertising**

Point of sale promotions are not common, but are growing in popularity. Retail stores often treat retail and/or point-of-sale advertising as a secondary activity. Likewise, merchandise is stocked on shelves with little

consideration for appearance. Unless there is assistance from a producer or distributor, retailers will rarely try to enhance point-of-sale advertising. Coca-Cola, for example, has pursued a visible point-of-sale (shops, bars, restaurants, hotels, gas stations) marketing campaign that involves posters and coolers with company logos.

### **Trade Events/Fairs**

Trade shows are an option for promoting consumer goods and industrial products in Macedonia. Local and foreign firms use trade fairs to build business connections and gain market visibility. A list of upcoming fairs and events can be found at [Skopje Fair](#).

### **Sponsorships and Special Promotions**

Special events offer an excellent avenue to launch new products. Because event promotion is relatively new to Macedonia, it offers an opportunity for a company's products or services to stand out.

### **Advertising Agencies**

Advertising and marketing agencies have developed over the years and offer a full range of services. Read under: Local Professional Services.

['Invest Macedonia'](#), an Agency for Foreign Investments and Export Promotion, and the Agency for Promotion and Support of Tourism's, ['Macedonia Timeless'](#) were promoted for approximately eight years on CNN (Cable News Network).

### **Pricing**

According to official March 2018 data, average monthly income in Macedonia is 23,694 denars (per NBRM June 2018 middle exchange rate: USD 454). Consumers are extremely price sensitive. Imported products tend to be priced substantially higher than locally produced goods. Favorable financing may be a critical selling factor for big-ticket items. An 18 percent value added tax (VAT) is charged on most goods and services.

### **Sales Service/Customer Support**

Although sales service and customer support are relatively undeveloped, more local businesses are attempting to provide quality service to their customers. Firms selling capital equipment and technology may wish to emphasize product quality and after sales service. Foreign companies will need to train their local distributors and agents to communicate their firms' distinctive customer service policies and standards.

### **Protecting Intellectual Property**

Macedonia's legal regime for intellectual property rights (IPR) is generally in line with international standards. Government agencies, such as Industrial Property Office, particularly the Customs Administration, generally cooperate with rights holders; companies that proactively seek protection of their brands in Macedonia are usually satisfied with institutional responsiveness. The longest running IPR issue for U.S. companies has been the alleged under licensing of software in public institutions.

Any foreign companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

### **IP Attaché Contact**

Susan F. Wilson

U.S. Mission to the European Union

Boulevard du Regent 27

BE – 1000

Brussels, Belgium

Telephone: 32-2-811-5308

E-mail: [susan.wilson@trade.gov](mailto:susan.wilson@trade.gov)

### **Due Diligence**

Few companies in Macedonia have Dunn & Bradstreet or other internationally recognized business ratings. There are some credit rating agencies in the country. The best source of in-depth analysis of a business partner in Macedonia is through one of the professional associations or companies listed in the next section. This should not be considered an exhaustive list. U.S. companies selling to companies in Macedonia for the first time should consider using instruments such as irrevocable letters of credit until a solid relationship of mutual trust is established. Enforcement of contracts and court judgments remains slow. Collecting delinquent payments from customers in Macedonia is difficult and expensive due to complex collection processes and the overloaded court system.

### **Local Professional Services**

[U.S. Embassy Skopje List of Attorneys](#)

[Lawyers Association of Republic of Macedonia](#)

E-mail: [mla@mla.org.mk](mailto:mla@mla.org.mk)

### **Accounting and Business Consulting Services**

[Analysis and Advisory Group](#)

E-mail: [aag@aag.com.mk](mailto:aag@aag.com.mk)

[Deloitte](#)

E-mail: [lnanus@deloittece.com](mailto:lnanus@deloittece.com)

[Ernst & Young](#)

E-mail: [vladimir.sokolovski@mk.ey.com](mailto:vladimir.sokolovski@mk.ey.com)

[Grant Thornton](#)

E-mail: [ruzica.filipceva@mk.gt.com](mailto:ruzica.filipceva@mk.gt.com)

[KPMG](#)

E-mail: [mk-office@kpmg.com](mailto:mk-office@kpmg.com)

[ND-Balkan](#)

E-mail: [abdylmenaf.bexheti@nd-balkan.com](mailto:abdylmenaf.bexheti@nd-balkan.com)

[PricewaterhouseCoopers \(PwC\)](#)

E-mail: [office@mk.pwc.com](mailto:office@mk.pwc.com)

### **Advertising**

[McCann Skopje](#)

E-mail: [mccann@mccann.com.mk](mailto:mccann@mccann.com.mk)

[Media Solutions](#)

E-mail: [marketing@mediasolutions.mk](mailto:marketing@mediasolutions.mk)

[New Moment](#)

E-mail: [info@newmoment.mk](mailto:info@newmoment.mk)

[Publicis Groupe](#)

E-mail: [office@publicis.com.mk](mailto:office@publicis.com.mk)

### **Principle Business Associations**

- American Chamber of Commerce in Macedonia
- Business Confederation of Macedonia
- Economic Chamber of Macedonia
- Economic Chamber of North-West Macedonia
- European Business Association
- Foreign Investors Council
- Macedonian Chambers of Commerce
- MASIT - ICT Chamber of Commerce

All of these business associations accept U.S. companies as members.

### **Limitations on Selling US Products and Services**

Foreign investors can invest directly in all sectors. Investors in some sectors (such as the production of weaponry and medicinal narcotics, banking, financial services, insurance, and gaming) must meet certain licensing requirements that apply equally to both domestic and foreign investors.

### **Web Resources**

[US Embassy in Macedonia](#)

[Macedonia Lawyers Association](#)

[Analysis and Advisory Group](#)

[Deloitte](#)

[EY Macedonia](#)

[Grant Thornton](#)

[KPMG](#)

[ND Balkan](#)

[PwC Macedonia](#)

[McCann Skopje](#)

[Media Solutions](#)

[New Moment](#)

[Publicis Macedonia](#)

[The American Chamber of Commerce in Macedonia](#)

[Business Confederation Macedonia](#)

[Economic Chamber of Macedonia](#)

[OEMVP](#)

[European Business Association](#)

[Foreign Investors Council](#)

[Macedonian Chambers of Commerce](#)

[Macedonian Chamber of Information and Communication Technologies](#)

## Leading Sectors for US Exports & Investments

### Energy

#### Overview

Energy market developments in Macedonia in 2017 included further construction of an internal gas distribution network, continued liberalization of the electricity market, and increased regional cooperation for electricity and gas interconnections. A new Energy Law, drafted in 2017 and passed in parliament in early June 2018, stipulates full liberalization of the electricity market by the end of 2019. It fully incorporates the directives of the EU Energy Community's Third Energy Package.

Macedonia's state-owned power company was unbundled and partially privatized in the 2000s. Austrian utility company EVN has been responsible for electricity distribution in Macedonia since entering the market in 2006. State-owned MEPSO is Macedonia's electricity transmission system operator. ELEM is Macedonia's state-owned electricity producer.

The electric power production system in Macedonia consists of two thermal power plants with a total of 800 MW installed capacity, eight large and several small hydro power plants with 650 MW installed capacity. The two thermal power plants produce 70 percent of country's total electricity. The smaller thermal power plant "REK Oslomej" is not in operation and its obsolete equipment is in urgent need of modernization. The government intends to convert its boiler to be able to burn high-caloric coal. Some modernization of the bigger thermal power plant "REK Bitola" was performed in 2017, but its equipment is also obsolete. There are two open pitch lignite mines with a total capacity of 7 million tons/year and estimated deposits for the next 20 years. Domestic lignite has low-caloric value and the government has announced plans to import coal. Despite some investments in modernization, domestic production of electricity decreased by about 25 percent in the last ten years, and electricity imports have risen to 36 percent of total consumption. The total annual production of electricity in 2017 was 5,229 GWh, which provided about 82 percent of the total domestic electricity needs. Macedonia is a full member of the Union for the Coordination of Production and Transmission of Electricity European Interconnection (UCPTE), which ensures interconnection compatibility with European electric power systems.

There are about 20 licensed energy suppliers in the country, but only four or five of them are active. They supply electricity at free market prices to the eligible companies who have chosen that option, reducing their electricity cost by about 20-30 percent.

The government has dropped the idea of offering a concession to private investors for large hydro power plants Chebren and Galishte with a combined 400 MW capacity. Instead, it decided the state-owned electricity producer ELEM should build one hydropower plant with up to 120 MW capacity. Multiyear financing for construction will be allocated from the state budget. The project has not yet begun.

ELEM owns and operates the only wind power capacity, a 36.5 MW wind park in the southern part of the country. It plans to increase that capacity to 50 MW.

A natural gas transportation pipeline operated by GA-MA, the gas transmission system operator jointly owned by the government and the largest oil distributor in Macedonia Makpetrol, carries Russian gas from the Bulgarian border to Skopje. Gazprom provides 100 percent of the capacity within the pipeline. This pipeline primarily supplies industrial users in the cities of Skopje, Kumanovo, and Kriva Palanka. The government has established Macedonian Energy Resources (MER) to oversee construction of an internal gas distribution network. The government continues its efforts to build natural gas interconnections with Greece and Bulgaria to diversify its sources of natural gas.

A 213-km oil pipeline with a capacity of 2.5 million tons per year connects oil storage facilities at the Greek port of Thessaloniki with OKTA's aging oil refinery outside Skopje. The pipeline and refinery are not in use. OKTA primarily operates as an oil trader in Macedonia.

### **Leading Sub-Sectors**

Following the privatization of the electricity distribution system, the government has liberalized part of the electricity generation market. The government is offering limited concessions for investment in small hydropower facilities.

Renewable energy generation project opportunities, such as investments in electricity generation from wind and solar, and in thermal power generation systems are subject to quotas. There are also opportunities to promote more efficient use of electricity through home insulation and installation of more efficient heaters and electromechanical devices.

### **Opportunities**

Macedonia welcomes investments in the energy sector. The government invites companies to design, build, and operate new large and small hydro power plants. Companies can also apply for tenders to construct sections of the national gas distribution network. ELEM is interested in upgrading the existing thermal power plants of "REK Oslomej" and "REK Bitola." In addition, the government is looking at the possibility of extending concessions for building small-scale hydro power plants along a few rivers in the country.

The government wants to increase the installed solar energy capacity from the current 20 MW to 200 MW. However, it plans to switch from offering a feed-in tariff to a premium tariff, while also offering free land and free connection to the electricity grid.

In addition to installing new 13.5 MW to the existing wind park, the government plans to increase the country's wind power capacity to 100 MW by tendering projects to interested private investors.

The government is considering converting the mothballed heavy oil-fired "TEC Negotino" power plant to natural gas, as well as constructing new gas-fired power plants. To improve air quality, the government has announced it would subsidize households' purchases of cleaner wood pellet stoves for home heating.

The 2017 tender for gasification of the capital of Skopje and two additional tenders for gasification of the eastern and western part of the country failed. The government is negotiating a loan with EBRD to finance the construction of a gas distribution network in the ten largest cities in the country. A few of those cities, including the city of Skopje, have established public enterprises in charge of gasification at the local level. The city of Strumica already has a basic gas network, importing compressed gas from Bulgaria by truck. The government is also looking at different possibilities for connecting the domestic network to alternative supply sources such as TAP and the LNG terminal in Greece.

### **Web Resources**

[Ministry of Economy](#)

[Energy Agency of the Republic of Macedonia](#)

[Energy Regulatory Commission](#)

[ELEM \(State-owned Macedonia Power Plants\)](#)

[MEPSO \(State-owned Electricity Transmission System Operator of Macedonia\)](#)

[EVN Macedonia \(Electricity Distribution and Supply Company\)](#)

[GA-MA – Natural Gas Transmission System Operator](#)

[Macedonian Energy Resources](#)

[Macedonian Center for Energy Efficiency \(MACEF\)](#)

## **Transportation**

### **Overview**

Macedonia is situated in the center of the Balkan Peninsula at the intersection of several road and railway links. Two Pan-European Transportation Corridors, Corridor 8 (east-west) and Corridor 10 (north-south) pass through Macedonia. Corridor 8 consists of the E-65 road from Varna, Bulgaria to Durres, Albania via Sofia, Bulgaria and Skopje, Macedonia. Corridor 10 consists of the E-75 road from Athens, Greece via Skopje, Macedonia, Belgrade, Serbia, and Zagreb, Croatia to Munich, Germany.

Improvements in the past few years focused primarily on the elimination of “bottle necks” and the completion of the infrastructure on both corridors.

### **Leading Sub-Sectors**

Macedonia aims to position itself as a key crossroad in pan-European Corridor 8 (east-west) and Corridor 10 (north-south) inland transportation routes across Southeastern Europe. When it comes to shipping goods by land versus by sea, these surface transportation corridors cannot compete with alternative maritime routes on price alone. However, Macedonia believes it can capitalize on its advantage in terms of distance, compared to much longer sea routes, to be able to establish competitive transit routes across its territory. To date, the maintenance budget has been inadequate to keep roads in good condition. There are segments in the road network that require capacity expansion because of traffic growth. The expansion of motorway segments would provide additional business opportunities for U.S. companies.

### **Opportunities**

U.S. companies can participate in infrastructure development in the areas of construction equipment and materials, tollbooth equipment, electronic data processing equipment, traffic monitoring, project management services, and telecommunications equipment.

With its centrally positioned geographical location, Macedonia could serve as a distribution center for U.S. vendors operating in the Balkan region and beyond.

Several foreign airline companies (Adria Airways, Air Serbia, Austrian Airlines, Croatia Airlines, FlyDubai, Pegasus, Swiss Air, Turkish Airlines, Wizz Air and Qatar Airways) fly into Macedonia’s main airport near Skopje. Foreign carriers fly to Skopje from Vienna, Zurich, Geneva, Ljubljana, Zagreb, Belgrade, Dubai, Doha, and Istanbul, among others. U.S. companies have bid for contracts in the field of air transportation services, airport equipment and construction, and air navigation, and control systems.

### **Web Resources**

[Public Enterprise for State Roads](#)

[Macedonian Railways](#)

[TAV – Macedonia](#)

## **Computers and Information Technology Equipment**

### **Overview**

With an annual growth rate between 2.3 and 7.7 percent over the last several years, the Information and Communication Technology (ICT) sector in Macedonia is a promising area for U.S. companies. The ICT sector in Macedonia benefits from a skilled and cost effective workforce with excellent English language skills, solid telecommunications infrastructure, and low corporate tax. ICT representatives expect the sector will continue to grow.

The total ICT market value in Macedonia was an estimated USD 400 million in 2017. Hardware is the largest segment (55 percent) of the ICT market in Macedonia. ICT services are the second largest segment (30 percent), and software comprises 15 percent of the ICT market. Many large ICT companies, such as Microsoft, Cisco, Oracle, Dell, Compaq, Hewlett Packard, IBM, Sun Microsystems, Apple, and Lotus, are present in Macedonia via branch offices, distributors, dealers, resellers, solution providers, and business partners.

### **Leading Sub-Sectors**

The best prospects continue to be in information and communication technologies such as smart phones, tablets, cloud technology, Wireless Application Protocol services, 4G equipment and solutions. There are also opportunities for alternative telephone service operators, as well as services such as call centers, home-work services, and distance learning services. Good opportunities continue to exist in the telecommunications sector for innovative peripheral products and services. The largest customers in telecommunications are the two mobile operators in Macedonia: [Makedonski Telekom](#) (part of Deutsche Telekom Group through controlling owner Magyar Telekom) and [Vip](#).

### **Opportunities**

Several software development companies are creating applications for Western markets. These include banking, air traffic control, digital animation, and website development.

With the liberalization of the telecom industry in 2005 (the [Law on Electronic Communications](#)), many opportunities exist to sell products and services in this market.

### **Web Resources**

[Agency for Electronic Communications](#)

[MASIT – ICT Chamber of Commerce](#)

[Ministry of Information Society and Administration](#)

[Ministry of Transport and Communications](#)

[Agency for Audio and Audiovisual Media Services](#)

[Macedonian Academic and Research Network \(MARnet\)](#)

[Macedonian e-Society Association \(MESA\)](#)

[Metamorphosis Foundation for Internet and Society](#)

## **Construction and Building Materials**

### **Overview**

The construction industry has accounted for between five and eight percent of annual GDP for over a decade. According to data compiled from building materials manufacturers, building construction continued to increase rapidly from 2006 – 2016, but slowed down in 2017. The construction industry's turnover was USD 513 million in 2017, compared to USD 577 million in 2016 (capital investments together with funds of the Public Enterprise for State Roads), almost 30 percent of which was spent on imported products, equipment, and fixtures.

### **Leading Sub-Sectors**

Many major infrastructure projects are underway in Macedonia to improve connections with trading partners and increase economic growth. The World Bank and EBRD continue to finance building new transportation infrastructure, and Macedonia is also investing in local roads. For rail infrastructure, Macedonia's priority is to complete a rail link to Bulgaria and build one with Albania. Residential building construction has also picked up in the last several years and is expected to continue in the coming period. Macedonia welcomes foreign construction companies that bring new technologies and know-how, and work with local firms as subcontractors.

### **Opportunities**

There are both export and investment opportunities available for U.S. companies in the construction and building materials sector. Buildings in Macedonia are energy inefficient and take a relatively long time to build. Wood and steel frame buildings are almost unknown, though builders in Macedonia are examining American-style platform-frame wood construction and prefabricated housing. This situation offers many opportunities to promote high-tech American building materials based on advanced U.S. technology. U.S. building products that may have good market prospects include wood and vinyl windows, doors, flooring and kitchen cabinets, suspended ceilings, insulation, adhesives, cements, roofing shingles, heating and ventilation equipment, air conditioning, refrigeration, and cooling systems. The domestic market in Macedonia offers primarily cement, cement products, and gypsum products.

### **Web Resources**

[Civil Engineering Institute](#)

[Agency for Real Estate Cadastre](#)

## **Hotel and Restaurant Equipment / Tourism**

### **Overview**

The tourism sector offers export and investment opportunities and has significant potential for future development. The country's geographical location, mild climate, and historic and religious sites provide favorable conditions for the development of the tourism industry. Macedonia offers a full range of accommodations in 279 licensed hotels. Macedonia has many tourist attractions, including three natural lakes (Lake Ohrid, Lake Prespa, and Lake Dojran), and high mountains suitable for camping, hiking, and winter sports. The most popular tourist destination, which accounts for almost 80 percent of Macedonia's tourist revenues, is Lake Ohrid. The town of Ohrid is a UNESCO historical and cultural heritage site. Tourists primarily come from Turkey, Greece, Serbia, Bulgaria, the Netherlands, Albania, and Germany.

U.S. franchise hotels, Holiday Inn, Best Western, and Marriott are present in Skopje. Marriott is planning to open a second property in Skopje, a Courtyard by Marriott, in the coming years. As a newly built property, Double Tree by Hilton is planning to welcome its first guest in Skopje as of January 2019.

### **Leading Sub-Sectors**

Since there has been very limited investment in tourism, legacy hotels need repair and upgrading. There has been an increase in the construction of smaller hotels, more suitable to the market in Macedonia, primarily in Skopje and in areas around Lake Ohrid. There are no golf courses in Macedonia, nor do the three largest lakes, Ohrid, Prespa, and Dojran, have any significant watersport centers.

### **Opportunities**

In order to attract visitors, the Value Added Tax (VAT) on tourism has been reduced from 18 percent to 5 percent. Investors in priority projects receive special benefits, such as zero percent personal income tax and zero percent VAT in the first 10 years of operation. USAID has supported the development of adventure tourism products in Macedonia, such as hiking, biking, and paragliding.

### **Web Resources**

[The Ministry of Economy](#)

[The Association of Hotels, Restaurants, Cafes and Camps - HOTAM](#)

[Agency for Promotion and Support of Tourism](#)

### **Agricultural Sector**

Agribusiness is one of Macedonia's most promising sectors. In 2016, agribusiness (including agriculture, forestry, and fisheries) accounted for 7.7 percent of GDP and 16.6 percent of the total number of persons employed in Macedonia.

Exports of agriculture and food products in 2017 constituted 10.71 percent of Macedonia's total exports. The top markets for agriculture and food products are the EU (50.5 percent of total exports, including Greece 16.6, Germany 13.7, and Croatia 13 percent), and CEFTA countries (31.31 percent). The main export products from Macedonia are tobacco, confectionary products, fresh and processed vegetables and fruits, and wine. The main import products are meat (poultry, beef and pork accounted for 20 percent of total agriculture imports), chocolates and confectionary, processed foods, and grains.

Macedonia-U.S. trade in agricultural products dropped from USD 44.5 million in 2016 to USD 40.5 million in 2017. The U.S. share of Macedonia's agricultural imports increased from 0.7 percent in 2016 to 1.0 percent in 2017. The share of Macedonia's agricultural exports going to the United States were 6.2 percent in 2016, but dropped to 5 percent in 2017, primarily due to the decreased exports of tobacco.

Food and beverage processing are significant industries in Macedonia, as well as fresh fruits and vegetables. Processed foods include both semi-finished products (frozen, dried, and concentrates) and finished products (canned and preserved). Over 75 percent of processed foods are exported, mostly to the EU and to neighboring countries. Most food-processing facilities are private companies.

In 2014 the Government of Macedonia adopted a six-year National Strategy for Agriculture and Rural Development 2014 - 2020 to strengthen the ability of Macedonia's agricultural sector to compete in the EU and other regional markets and to promote sustainable development of rural areas. The strategy, which was a pre-requisite for receiving the EU Instrument for Pre-accession Assistance (IPA) II in agriculture, also aims to improve the marketing of agricultural products and implementation of minimum quality standards so they are aligned with EU laws on the quality of agricultural products. Consequently, the total agriculture budget (including financial support to agricultural development and subsidies to farmers) has increased from USD 49.3 million in 2007 to USD 176 million in 2017 (exchange rate USD 1 = 55 MKD), and accounted for around 4.58 percent of the national budget in 2017. The government has promoted agriculture as one of the most important sectors for the development of the economy in Macedonia and adopted and amended several agriculture related laws to comply with EU requirements. As a result of financial support to the agriculture sector, the number of family farms in 2017 increased by 10,000 compared to 2016, bringing the total number of registered farm holdings in the State Farm Register to 160,000.

As of January 1, 2009, in accordance with the Law on Veterinary Public Health and the Rule Book on sanitary and hygiene conditions for food production, every establishment that is involved in production and/or trade of food products has to implement HACCP standards in order to be able to operate.

	2014	2015	2016	2017 (Estimated)
Total Local Production	1.858 bl\$	1.581 bl\$	1.532 bl\$	n/a
Total Exports	642.33 ml\$	537.56 ml\$	583.86 ml\$	630.56 ml\$
Total Imports	857.42 ml\$	773.82 ml\$	790 ml\$	905.26 ml\$
Imports from the US			507 ml\$	9.05 ml\$
<b><u>Total Market Size</u></b>	2.073 bl\$	1.817 bl\$	n/a	n/a
Exchange Rates	46.4	55.5	55.7	50

*(total market size = (total local production + imports) - exports)*

## Leading Sub-Sectors

*Wine production:* Macedonia produces approximately 1 million hectoliters of beer, mostly for domestic consumption, and approximately 1 million hectoliters of wine annually in 76 wineries. It is a net exporter of wine, a strategic export product for the country. Approximately 65 percent of wine exports are in bulk and 35 percent are bottled. Over 80 percent of domestic wine production is exported, mainly to the EU, former Yugoslav countries, China, Canada, Japan, and the United States. Export opportunities exist for U.S. companies for equipment that will increase the volume of wine bottled in Macedonia and technology and supplies that will stimulate grape production.

*Tobacco production:* Tobacco was the top industrial crop in 2016, planted on 16,379 hectares or 80 percent of the total area for industrial crops. Although the area dedicated to tobacco decreased by about 10 percent in comparison with 2015, the production of tobacco (25,443 tons) increased by 5 percent. Almost the whole quantity of raw tobacco production is contracted by multinational companies through registered branches in the country and exported as fermented tobacco. The largest export market is the EU, followed by the United States and neighboring countries.

*Organic production:* Organic farming is an area for development. Over the past three years the amount of arable land certified for organic production and the number of companies involved grew. In 2017, there were 654 registered entities in the system of organic agricultural production in the country. They produce meat, dairy, honey, cereals, industrial oil crops, wine, fruits, and vegetables.

*Fresh fruit and vegetable production:* Fresh fruit and vegetable production contributes 45.8 percent of the agriculture output in the country and is export oriented. Almost 80 percent of the production is exported either as fresh, preserved, or processed. The production of crops is concentrated in the southern and eastern parts of the country, due to the favorable climate. Over 75 percent of vegetable production is in open fields, 20 percent in plastic tunnels, and the rest in glass greenhouses. The top three vegetable crops are potatoes, peppers, and tomatoes, while top fruit crops are apples, plums, sour cherries, and peaches.

*Preserved fruits and vegetables:* The food processing industry in Macedonia consists of 50 companies with a processing capacity of approximately 180,000 tons of fruits and vegetables per year. The most significant raw materials are red peppers, industrial tomatoes, sour cherries, apples, and plums. The industry is export oriented, with over 80 percent of the production going to the EU and neighboring markets as fresh for further processing. The low amount of food processing in Macedonia due to problems with the supply of quality raw materials and unsophisticated suppliers, lack of skilled workers, and difficulty accessing financing.

## **Opportunities**

U.S. food exporters should focus on establishing their business relationship with a reliable and efficient importer and distributor, with access to appropriate distribution and sales channels.

The Government of Macedonia considers agriculture a target area for future investments, growth and development, including increased foreign direct investment. The government provided significant financial support to farmers over the past 5 years. The key weaknesses of the agriculture sector are the lack of modern equipment and lack of investment into processing facilities.

Domestic production of agricultural machinery is minimal, and the market relies on imports. There are substantial opportunities for U.S. companies in the agribusiness area for equipment that will add value to the food processing sector, such as bottling, packaging, and refining equipment. Experts have also identified problems in waste treatment and waste disposal, hygiene, and in meeting environmental standards.

*Meat:* Macedonia is net importer of meat and grains. Macedonia has insufficient meat production, and the number of farm animals continues to decrease. Macedonia meets over 50 percent of its meat consumption through imports. The poultry industry is focused on egg production. There is a surplus of eggs, but poultry meat production is insufficient to satisfy the local fresh meat market. The domestic pork industry satisfies almost 90 percent of the market for fresh meat; all of the needs for the meat processing industry comes from imports. There is a significant lack of beef, as most of the cattle are dairy cows. Lamb meat is the only net exported livestock product from the country. Around 85 percent of Macedonian lamb is exported to EU countries, mainly Greece and Italy, mostly around Christmas and Easter.

*Grain market:* Macedonia imports most of its grains. There is insufficient domestic production of corn. The country imports one-third of its wheat annually. There is no production of soya beans; most U.S.-origin soybean meal is purchased from Greece, Serbia, and Hungary by large farms and concentrate producers. Higher protein meal is in demand, but the market is price sensitive. In 2013 Macedonia changed its legislation to prevent use of genetically engineered commodities in animal feed.

## **Web Resources**

[Ministry of Agriculture, Forestry and Water Economy](#)

[Food and Veterinary Agency of Republic of Macedonia](#)

[Food and Agriculture Organization of the United Nations Macedonia country profile](#)

## **Customs, Regulations & Standards**

### **Trade Barriers**

Several products are subject to quality control by market inspection officials at customs offices. These officials are employed by the Ministry of Economy to ensure that imported goods are in compliance with domestic standards. The products subject to quality control include most agricultural products, cars, electrical appliances, and products in which poor quality may pose a health risk to consumers. When applicable, products also must pass sanitary, phytopathology, or veterinary control. (Additional information on sanitary requirements can be obtained from the Ministry of Health, and phytopathology and veterinary requirements can be obtained from the Ministry of Agriculture, Forestry, and Water Resource Management.)

Import regulations are numerous and are not always available in English. In order to learn about customs duties, taxes, and quality requirements for a specific product, U.S. exporters can consult the Customs Administration [web page](#) or contact freight forwarders or business consultants in Macedonia.

*For more information and help with trade barriers please contact:*

International Trade Administration

[Enforcement and Compliance](#)

(202) 482-0063

ECCommunications@trade.gov

## **Import Tariff**

Macedonia joined the World Trade Organization (WTO) in 2003. As a WTO member, Macedonia has committed itself to the three basic rules of trade conduct: transparency in laws, equal rights and privileges for foreign and domestic firms and citizens, and most-favored nation treatment. As an EU aspirant, Macedonia is harmonizing its customs' laws with EU laws and regulations.

Customs duties generally apply to most products imported into Macedonia. Preferential tariffs apply to countries with which Macedonia has signed a bilateral Free Trade Agreement, as well as to countries participating in multilateral trade agreements, such as the EU Stabilization and Association Agreement (SAA), European Free Trade Agreement (EFTA), Central European Free Trade Agreement (CEFTA). Customs tariffs in 2017, ranged from 0 – 35 percent. The customs tariffs are revised and amended on an annual basis, in conformity with the amendments to the Combined Nomenclature of the European Union. The amendments refer to the system of designations of the goods, system of numeric marking, unit prices, as well as notes concerning particular sections and chapters. The customs duties are determined by the Customs Tariff Law (Official Gazette of the Republic of Macedonia No. 23/2003, 69/2004, 10/2008, 35/2010, 11/2012, 93/2013, 44/15 and 81/15). Details on customs tariffs are available [here](#).

There are no tariffs applied on most raw materials. Excise duties apply to alcohol, cigarettes, mineral oils, tobacco, petroleum coke, and passenger vehicles. Excise duties are determined by the type and quantity of the product and are levied in addition to the customs tariff. The customs tariff on new and used automobiles is 5 percent. However, there is no tariff on automobiles produced in EU countries. Likewise, there are no duties for industrial products originating from EU, EFTA, CEFTA countries, Turkey and Ukraine. There are variable levies for agricultural and food products. Other products, like tobacco, wine, and various fruits, are subject to import tariff quotas. Import quotas are provided on a first-come-first-serve basis, and are distributed at the single window portal [EXIM](#).

A Value Added Tax (VAT) of 18 percent is applied to most products and services. Food, potable bottled water, some printed materials such as newspapers, magazines, and educational books, raw materials and machinery for agriculture production, medicines, medical and orthopedic equipment, public transportation, computer hardware and software, solar energy systems, and refined and unrefined oils for industrial use for foodstuff for human consumption are taxed at the preferential rate of 5 percent. For imports into Macedonia, VAT is assessed on the customs value of the goods plus the customs duty and excises.

## **Import Requirements & Documentation**

An importer/exporter in Macedonia is responsible for providing the required import/export documentation, which consists of common trade, transport and customs documentation, as well as certificates of origin and certificates of quality control and licenses. Service providers are not subject to customs regulations, but foreign trade transactions are subject to a documentation fee of one percent.

Based on the decision by the EU concerning the adoption of a decision by the EU-EFTA Joint Committee on common transit and a decision by the EU-EFTA Joint Committee on simplification of formalities in trade in goods as regards invitations to Macedonia to accede to those Conventions, as of July 1, 2015, [Macedonia's Customs Administration](#) has become a part of this customs system.

### **Labeling/Marking Requirements**

Labels must contain the following information: quality, ingredients, quantity, manner of storage, transport, use, maintenance, country of origin and a "best before" date. The above information must be written in Macedonian and Albanian.

### **U.S. Export Controls**

Most technology can be exported from the United States to Macedonia under general export licensing guidelines, but some equipment requires validated export licenses from the Bureau of Export Administration (U.S. Department of Commerce and/or Department of State). Generally, defense products and equipment such as optical equipment and software that may have a dual use require an export license. Export licenses can be obtained from the Bureau of Industry and Security ([BIS at the U.S. Department of Commerce](#)). BIS coordinates the licensing process with the Departments of State and Defense.

The need for an export license depends on the product's Export Control Classification Number (ECCN), available from the manufacturer, or from BIS's Office of Exporter Services (202) 482-4811 in Washington, D.C.; or (949) 660-0144 in Irvine, CA; or (408) 998-8806 in San Jose, CA.

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single searchable list as an aid to industry in conducting electronic screening of potential parties to regulated transactions is available [here](#).

### **Temporary Entry**

Products may be imported into Macedonia on a temporary basis. Information about the rules on temporary imports can be found at [Macedonia Customs Administration](#).

Products allowed temporary import status include raw materials processed in Macedonia for re-export, infrastructure equipment produced by foreign contractors, and office equipment for foreign firms.

Macedonia is a party to the Customs Convention on Carnet (ATA) for Temporary Import of Goods. Presentation of an ATA carnet, or TIR carnet, facilitates the process. An entry carnet may be obtained from a local chamber of commerce in the United States. Carnets are usually valid for 1 year and list the products to be imported on a duty-free basis. The carnet must be presented upon entry into Macedonia. Customs will stamp the carnet, thereby validating it. Upon departure, the carnet must again be presented for validation, confirming that the product is being transported out of Macedonia. Failure to re-export the goods results in application of the corresponding duties. For more information on ATA Carnets, contact the [U.S. Council for International Business](#) at 1-212-354-4480.

### **Prohibited & Restricted Imports**

Chemicals, weapons, ammunition, pesticides, agricultural products, and some other categories of products may require import licenses from the responsible ministry. See the Customs Administration website for details.

### **Customs Regulations**

[Customs Administration of the Republic of Macedonia](#)

1000 Skopje

Republic of Macedonia

Phone: +389 2 322 4342

Fax: +389 2 323 7832

E-mail: [info@customs.gov.mk](mailto:info@customs.gov.mk)

## **Standards for Trade**

### Overview

The process of developing, certifying, and enforcing standards is undergoing reform in Macedonia, and the Government's standards bodies have adopted the Code of Good Practice for the preparation, adoption and application of standards.

### Standards

In accordance with WTO/TBT Agreement (Agreement to Technical Barriers to Trade), standards are regulated and developed by the following institutions:

#### *Regulatory functions:*

Ministry of Economy, acting as a coordinator;

Other Ministries for specific topic areas.

#### *Controlling functions:*

Customs Administration;

State Market Inspectorate (Consumer Product Safety Authority).

Testing, inspection and certification

[Standardization Institute of the Republic of Macedonia](#)

[Bureau of Metrology](#)

[Institute for Accreditation of the Republic of Macedonia](#)

Laboratories, certification and controlling offices.

### **Publication of technical regulations**

Each of the standardization and accreditation organizations issues bulletins on its procedures. Also, sector-regulating laws are published in the Official Gazette as adopted or amended.

"Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce."

## Contact Information

U.S. Embassy – Skopje

Mr. Arben Gega, Commercial Specialist

Samoilova 21

1000 Skopje, Macedonia

Tel: 389-2-310-2403

E-mail: [gegaa@state.gov](mailto:gegaa@state.gov)

## Trade Agreements

Macedonia became a member of the [Central European Trade Agreement \(CEFTA\)](#) in 2000. In December 2006 CEFTA expanded to include Albania, Bosnia and Herzegovina, Croatia (Note: in 2013 Croatia joined the EU and left CEFTA), Kosovo, Macedonia, Moldova, Montenegro, and Serbia. Macedonia has additional Free Trade Agreements (FTAs) with Turkey and Ukraine. In February 2001, Macedonia signed a Stabilization and Association Agreement (SAA) with the European Union, and in December 2005 the European Union granted candidate status to the country. A critical component of the SAA is a preferential trade agreement that allows products from Macedonia to enter the European Union duty free. The agreement also provides for a gradual reduction of duty rates for European Union products entering Macedonia.

## Licensing Requirements for Professional Services

Many occupations require a professional license (e.g., architects, engineers, doctors, dentists, pharmacists, lawyers, and auditors). To apply for Macedonia's recognition of U.S. degrees and professional credentials, submit a copy of your U.S. diploma and license along with a translated copy prepared and notarized by an authorized court translator to the relevant Macedonia government institution, such as the Ministry of Education and Science, who then should prepare and issue a notification (recognition of a degree or credential obtained abroad).

## Web Resources

[Ministry of Economy](#)

[Ministry of Finance](#)

[Ministry of Education and Science](#)

[Ministry of Internal Affairs](#)

[Macedonia Customs Authority](#)

[Secretariat for European Affairs](#)

# Investment Climate Statement

## Executive Summary

“The U.S. Department of State’s Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. The statements are available in two ways.

- Visit the U.S. Department of State’s Investment Climate Statement website. (<https://www.state.gov/e/eb/rls/othr/ics/>)
- Download the Country Commercial Guide (the Investment Climate Statement is Chapter 6). ([www.export.gov/ccg](http://www.export.gov/ccg))

## **Trade & Project Financing**

### **Methods of Payment**

Standard international methods of payment are used in Macedonia. For shipments of goods, advance payment is the most commonly used method; credit terms are usually used in long-established relations with known customers. Credit is allocated on market terms and usually ranges from 30 to 90 days. Letters of credit and bills of exchange are used in shipment payments. As with any international transaction, the method of payment is determined by the degree of trust in the buyer's ability and willingness to pay. Full payment in advance is highly recommended for the first few transactions and deliveries while the importer is still unknown.

The debt collection process is time-consuming, expensive, and complex. There are a number of collection agencies. A creditor may choose to sue the debtor in court; if the court rules in favor of the creditor, the creditor may engage a licensed enforcement agent to collect its due receivables.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at [www.Export.gov/TradeFinanceGuide](http://www.Export.gov/TradeFinanceGuide).

### **Banking Systems**

The financial system in Macedonia consists of the National Bank of the Republic of Macedonia (NBRM), commercial banks, financial companies, savings houses, exchange offices, the Deposit Insurance Fund, insurance companies, pension funds, investment funds, brokerage firms, and a stock exchange. The banking system itself is two-tiered, based on the Banking Law and the National Bank Law. NBRM is the independent money-issuing institution responsible for price stability, stability of the national currency (denar), stability of the financial system, general liquidity of payments within the country and abroad, and the conduct of monetary policy and foreign exchange policy. The Supervision Department at NBRM serves as the main regulatory body responsible for the supervision of all banking institutions and savings houses.

The main goal of NBRM's monetary policy is to maintain price stability. This objective is achieved by an exchange rate targeting strategy, whereby the denar is pegged against the euro as a nominal anchor for the economy. Twice a year, NBRM prepares monetary and foreign exchange projections and reports, which are publicly available.

The banking system in Macedonia consists of 14 private banks, one state-owned bank (Macedonian Bank for Development Promotion), and three savings houses. According to the Banking Law, banks observe the principles of profit maximization, liquidity, safety, and profitability. A foreign bank could have a presence either as a legal entity or by opening a branch or a representative office. In 2017, foreign capital was present in 14 and was dominant in 11 banks, controlling 70.3 percent of total banking sector assets, 78.1 percent of total loans, and 69.4 percent of total deposits. Changes in the Banking Law in 2013 allowed savings houses to transform either into a financial company, which is subject to less restrictive supervision, or into a bank. Three legal entities are operating as financial companies, which, according to legislation, do not receive deposits, and are subject to supervision by the Ministry of Finance. There is no separate legislation regulating non-bank financial institutions, and they are regulated with the provisions of the previous Banking Law and appropriate sub-laws.

The three largest banks, Komercijalna Banka, Stopanska Banka Skopje, and NLB Bank, hold 57.8 percent of the total assets, and collect 70 percent of total households' deposits. The ten smallest banks have individual market

share of less than five percent, and cumulatively account for 25 percent of total banking assets. The savings houses' share in total assets of deposit-taking institutions in 2017 was unchanged at 0.6 percent, while their share in total loans was 0.7 percent.

In 2017, total deposits increased by 5.1 percent, slightly less than in 2016. Households' deposits grew by 6.2 percent, while enterprises' deposits grew by only 2.4 percent. Total loans to enterprises and households grew by 5.9 percent on an annual basis, mostly due to higher consumer loans to households (9.7 percent), while loans to enterprises increased (2.9 percent). Banks' liquidity ratio (liquid assets/total assets) remained high despite the slight drop from 30.9 percent to 29.8 percent. The structure of liquid assets remained the same, as banks tend to keep most of their liquidity safe by purchasing treasury bills and bonds, Central Bank bills, or keeping accounts abroad. The capital adequacy ratio of the banking sector increased from 15.2 percent in 2016 to 15.7 percent in 2017. The overall non-performing loans (NPL) ratio dropped to 6.3 percent, with NPL ratio of households remaining low at 2.4 percent, and NPL of enterprises standing at 10 percent, due to a few defaults in the construction sector.

In 2017 NBRM conducted different stress-test scenarios on banking sector sensitivity to increased credit risk, liquidity shocks, and insolvency shocks. All tests showed that the banking sector is healthy and resilient to such shocks, with capital adequacy ratio remaining well above the legally required minimum of eight percent. Banking supervision is in full compliance with BASEL 2 recommendations, and it is currently implementing provisions of BASEL 3 standards.

In 2017, total assets of Macedonia's banking sector reached \$8.8 billion, 3.9 percent more compared to 2016. All but two smaller banks were profitable in 2017, and the banking sector's overall profitability reached \$123 million, which was 3.6 percent higher compared to the previous year. The profitability indicators in 2017 were almost unchanged from the previous year. The indicator ROE (return on equity) reached 13.5 percent, while ROA (return on assets) was 1.4 percent. At the end of 2017, the banking sector employed 5,929 people, which is a drop of 56 employees compared to 2016.

Although considerably improved over the past several years, Macedonia's financial system is still relatively underdeveloped compared to Western standards. Banking is very conservative, offering traditional banking services only. Credit is available to private companies, but it is still subject to significant collateral in the form of real estate, which often is appraised by the banks at lower than market value. Overall customer service still does not meet Western standards. However, the use of credit cards is widespread and most companies and shops accept credit cards as a payment instrument.

The reference rate (interest rate on 28-day Central Bank bills) was cut in March 2018 from 3.25 percent to three percent. The weighted average lending rate of the banking system in 2017 was six percent, while the weighted average deposit rate was 1.6 percent.

For more detailed information about various aspects of the banking system and its performance, NBRM publishes annual and quarterly reports on banking supervision as well as other data and information on its [website](#).

## **Foreign Exchange Controls**

Macedonia does not restrict reinvestment or repatriation of profits and investment capital. Foreign investors are entitled to transfer profits and income without being subject to a transfer tax. Investment returns are generally remitted within three working days. There are also no legal limitations on private financial transfers, foreign exchange transactions, and capital movements. Local companies can pay for imported goods or services in foreign currencies, as they are allowed to hold a foreign exchange account in one or more banks.

## **US Banks & Local Correspondent Banks**

*There are no U.S. banks present in Macedonia.*

### **Major banks in Macedonia:**

#### [Komercijalna Banka AD](#)

Orce Nikolov 3

P. O. Box 563

1000 Skopje, Republic of Macedonia

Tel: 389-2-316-8168

Fax: 389-2-322-0975

#### [Stopanska Banka AD Skopje](#)

11 Oktomvri 7

1000 Skopje, Republic of Macedonia

Tel: 389-2-329-5295

Fax: 389-2-311-4503

#### [NLB Bank](#)

Mother Teresa 1

1000 Skopje, Republic of Macedonia

Tel: 389-2-15-600

Fax: 389-2-310-5681

#### [Ohridska Banka - Societe Generale Group](#)

Orce Nikolov 54

1000 Skopje, Republic of Macedonia

Tel: 389-2-316-7600

[Fax: 389-2-311-7164](tel:389-2-311-7164)

#### [Halkbank](#)

Mito Hadzivasilev Jasmin bb  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-324-0800  
Fax: 389-2-329-6330

#### [ProCredit Bank](#)

Manapo bb (behind City Mall)  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-324-6000  
Fax: 389-2-321-9901

#### [Sparkasse Bank](#)

[Makedonija 9 – 11](#)  
[1000, Skopje, Republic of Macedonia](#)  
[Tel: 389-2-320-0501](tel:389-2-320-0501)  
[Fax: 389-2-320-0515](tel:389-2-320-0515)

#### [Macedonian Bank for Development Promotion](#)

Dimitrie Cupovski 26  
1000 Skopje, Republic of Macedonia  
Tel: 389-2-311-5844  
Fax: 389-2-323-9688

### **Project Financing**

Financing and insurance for exports, investment, and development projects are possible through U.S. agencies such as the U.S. Trade and Development Agency (USTDA), the U.S. Export-Import Bank (EX-IM), the Overseas Private Investment Corporation (OPIC), the European Bank for Reconstruction and Development (EBRD), the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the Southeast Europe Equity Fund (SEEF).

Most major project funding is achieved through co-financing agreements, especially for transportation, telecommunication and energy projects.

## **Multilateral Development Banks:**

*U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, World Bank)*

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These institutions lend billions of dollars in developing countries to projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to [the European Bank for Reconstruction and Development](#) and the [World Bank](#).

## **Financing Web Resources**

[Commercial Liaison Office to the European Bank for Reconstruction and Development](#)

[Commercial Liaison Office to the World Bank](#)

[Export-Import Bank of the United States](#)

[OPIC](#)

[United States Trade and Development Agency](#)

[SBA's Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

[U.S. Agency for International Development](#)

[Multilateral Investment Guarantee Agency](#)

## **Business Travel**

### **Business Customs**

Macedonia's business customs are similar to Western business customs. Shaking hands is the standard form of greeting and introduction. Business cards are exchanged without much protocol. Business attire for professionals in Macedonia is like that in the United States. Establishing a good business relationship in Macedonia requires the creation of trust. Meetings over coffee, lunch, and dinner are important for getting acquainted and developing trust.

Traditional businesses hours are 8:30 AM to 4:30 PM, but an increasing number of businesses are adopting Western working hours, including weekend hours.

### **Travel Advisory**

Prior to travel, U.S. citizens should check the [U.S. Embassy Skopje website](#) and the [State Department site](#) for the latest travel warnings and advisories. Travelers may also contact the Consular Section at the U.S. Embassy in Skopje.

Phone: + 389-2-310-2000

Email: [consularskopje@state.gov](mailto:consularskopje@state.gov)

Fax: + 389-2-310-2299)

Protests have occasionally devolved into localized violent incidents. Public protests, demonstrations, and strikes occur sporadically in Macedonia, often resulting in disruptions, particularly near the center of Skopje. You should avoid demonstration areas and exercise caution if traveling near demonstrations.

Violent crime against U.S. citizens is rare. Theft and other petty street crimes do occur, particularly in areas where tourists and foreigners congregate. Do not leave anything of value in plain view in unattended vehicles. ATM use is generally safe; however, take standard safety precautions and be aware of your surroundings.

### **Visa Requirements**

U.S. citizens need a valid U.S. passport for travel to Macedonia. Visas are not required for tourist or business trips of less than 90 days within a six-month period. You must have a visa to work, study, or stay longer than 90 days, and Macedonia's Border Police strictly enforce the 90-day limit.

U.S. companies that require travel by Macedonia's citizens to the United States for business purposes should review [general information on visas](#) and the U.S. Embassy's [website](#).

Visa applicants should go to the following links:

- [State Department Visa Website](#)

[U.S. Embassy – Skopje, Macedonia](#)

### **Currency**

The Macedonian denar (MKD) is the official currency of Macedonia; euros, U.S. dollars, and other foreign currencies are not accepted as payment. You can change money at banks or official exchange offices. ATMs are

widespread in Skopje and major towns. Almost all ATMs accept international bank cards and have an English language option.

Credit cards are accepted in hotels, larger stores, and restaurants; you will need denar for purchases in smaller establishments.

Travelers checks are not used in Macedonia.

### **Telecommunications/Electronics**

Fixed telephony is available in all towns. Visitors may rent a cell phone on arrival. GSM phones will work in Macedonia. There is cell phone coverage in all populated areas and in most unpopulated areas as well.

Fixed lines are provided by the dominant telecommunication service provider - Makedonski Telekom, and a range of other VoIP providers of telephony services. There are two cell phone service providers: Makedonski Telekom (owned by Magyar/ Deutsche Telekom and the Government of Macedonia) and one.Vip (owned by Telekom Austria Group). Both telecom service providers are deploying 3G and 4G mobile telecommunications technology.

Macedonia's international calling code is +389 when dialing Macedonia from outside the country. The international call prefix for calls from Macedonia to other countries is 00. Most hotels offer Wi-Fi throughout the building. Public hotspots in urban areas are also available, especially in coffee shops and restaurants.

There are several Internet access service companies that provide telecommunications services including data communications access and telephone connection. See Travel Related Web Resources.

Electricity in Macedonia is 230 V, with a frequency of 50 Hz. European plug types C and F are used.

### **Transportation**

There is no direct commercial air service between the United States and Macedonia.

Macedonia has two commercial airports. The Turkish company, TAV, operates both airports on contract.

[Skopje "Alexander the Great" Airport](#) – Petrovec (20km east of Skopje)

Tel: 389-2-314-8333

[Ohrid "Saint Paul the Apostle" Airport](#) (12km north-west of Ohrid)

Tel: 389-46-252-830

Between November and February, thick smog can limit visibility at Skopje's airport, causing flight delays, diversions, and cancellations. The Skopje airport website provides flight information, including delays and cancellations due to weather conditions.

Several airlines fly to Macedonia. Please check the airport websites for the most current list. As there is no direct commercial air service to the United States by carriers registered in Macedonia, the U.S. Federal Aviation Administration (FAA) has not assessed the Government of Macedonia's Civil Aviation Authority for compliance with International Civil Aviation Organization (ICAO) aviation safety standards. Further information may be found on the [FAA's safety assessment page](#).

[Adria Airways](#)

Tel: 389-2-311-7009

[Alitalia](#)

[Air Serbia](#)

Tel: 389-2-311-8306

[Austrian Airlines](#)

Tel: 389-2-314-8372

[Croatia Airlines](#)

Tel: 389-2-256-1850

[Czech Airlines](#)

[flydubai](#)

[Pegasus Airlines](#)

[Qatar Airways](#)

[Swiss Air](#)

[Turkish Airlines](#)

Tel: 389-2-311-6149

[Wizz Air](#)

### **Road travel**

Most major highways are in good repair, but many secondary urban and rural roads are poorly maintained and poorly lit. Driving safely in Macedonia requires excellent defensive driving skills. Many vehicles are old and lack standard front or rear lights. Secondary mountain roads can be narrow, poorly marked, and lacking guardrails, and can quickly become dangerous in inclement weather. Horse-drawn carts, livestock, dead animals, rocks, or other objects are sometimes found in the roadway. In case of emergency, drivers may contact the police at 192, the ambulance service at 194, and roadside assistance at 196. Driving at night in rural mountainous areas is not advised due to poor or nonexistent lighting.

#### *Rent a Car Agencies:*

[AVIS Rent a Car](#)

Tel: 389-2-256-1847

[EUROPCAR](#)

Tel: 389-70-205-546

[SIXT Rent a Car](#)

Tel: 389-75-448-902

[HERTZ Automobile SK](#)

Tel: 389-70-217-881

## **Public Transportation**

Public transportation such as buses and trains is available and inexpensive, but may be unreliable, dilapidated, and it may not meet U.S. safety standards.

Macedonia has a limited rail network that is not typically used by visitors. Macedonia's railroad system is connected to Serbia and Kosovo to the north and to Greece in the south. A railway link with Bulgaria is under construction. Train travel, while inexpensive, is not advisable in Macedonia.

Taxis are widely available in Skopje and are generally reliable. Passengers should always wear seat belts. Use legitimate, metered taxis to avoid conflicts about the fare.

## **Walking**

Always take care while on-foot. Pedestrians should be very cautious when crossing the street, even when using crosswalks, as local drivers often do not slow down or stop for pedestrians.

## **Language**

Many of Macedonia's citizens speak foreign languages in addition to Macedonian or Albanian. English is the predominant foreign language, followed by German and French. Although many companies in Macedonia have English speakers among their managers, U.S. business representatives should be prepared to do business through locally hired interpreters.

## **Health**

We recommend purchasing comprehensive insurance that covers overseas medical expenses and medical evacuation costs before travelling. Most care providers overseas only accept cash payments. U.S. embassies do not pay medical bills and U.S. Medicare does not apply overseas.

Many physicians in Macedonia are trained to a high standard, and some well-equipped private clinics are available, especially in Skopje. However, most public hospitals and clinics are not equipped nor are they maintained at U.S. or Western European standards. Basic medical supplies are usually available, but specialized treatment may not be obtainable. Travelers with previously diagnosed medical conditions may wish to consult their physician before travel. Health risks exist for air pollution especially during the winter months and tick-borne diseases are prevalent in the spring and summer.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's info line at 1-800-CDC-INFO (1-800-232-4636) or via the [CDC's internet site](#). Visitors should obtain routine immunizations recommended by the CDC prior to entering the country.

## **Local Time, Business Hours and Holidays**

Time: GMT + 1 hour

Business Hours: 08:30 – 16:30

## **2018 Holidays:**

January 1	New Year's Day
January 7	Orthodox Christmas
April 8	Orthodox Easter
May 1	Labor Day
May 24	Saints Cyril and Methodius Day
June 15	Ramadan Bajram (Eid al-Fitr)
August 2	Ilinden Uprising Day
September 8	Independence Day
October 11	People's Uprising Against Fascism
October 23	Revolutionary Struggle Day
December 8	Saint Clement of Ohrid Day

If a holiday falls on a weekend, the government will generally issue a decision shortly before the holiday declaring the preceding Friday or following Monday an official holiday. In some cases, the government may declare an extended holiday.

Consistent with European practice, business activity in Macedonia slows during late July and August, when many people take extended summer holidays.

### **Temporary Entry of Materials or Personal Belongings**

For information on customs regulations for departing from and arriving in Macedonia, please refer to the [Macedonian Customs Administration](#).

### **Travel Related Web Resources**

[T Makedonski Telekom](#)

Tel: 389-2-310-0200

[VIP](#)

Tel: 389-77-1234

[UNET](#)

Tel: 389-2-306-6505

[Neotel](#)

Tel: 389-2-551-1100