

“Discover the Macedonian Business Potential”



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Doing
Business



***Ranked 17-th in the World
and 7-th in Europe***

Macedonian Competitive Advantages

*Geostrategic
Location*

*Excellent
Infrastructure*

*Young and
Well
Educated
Workforce*

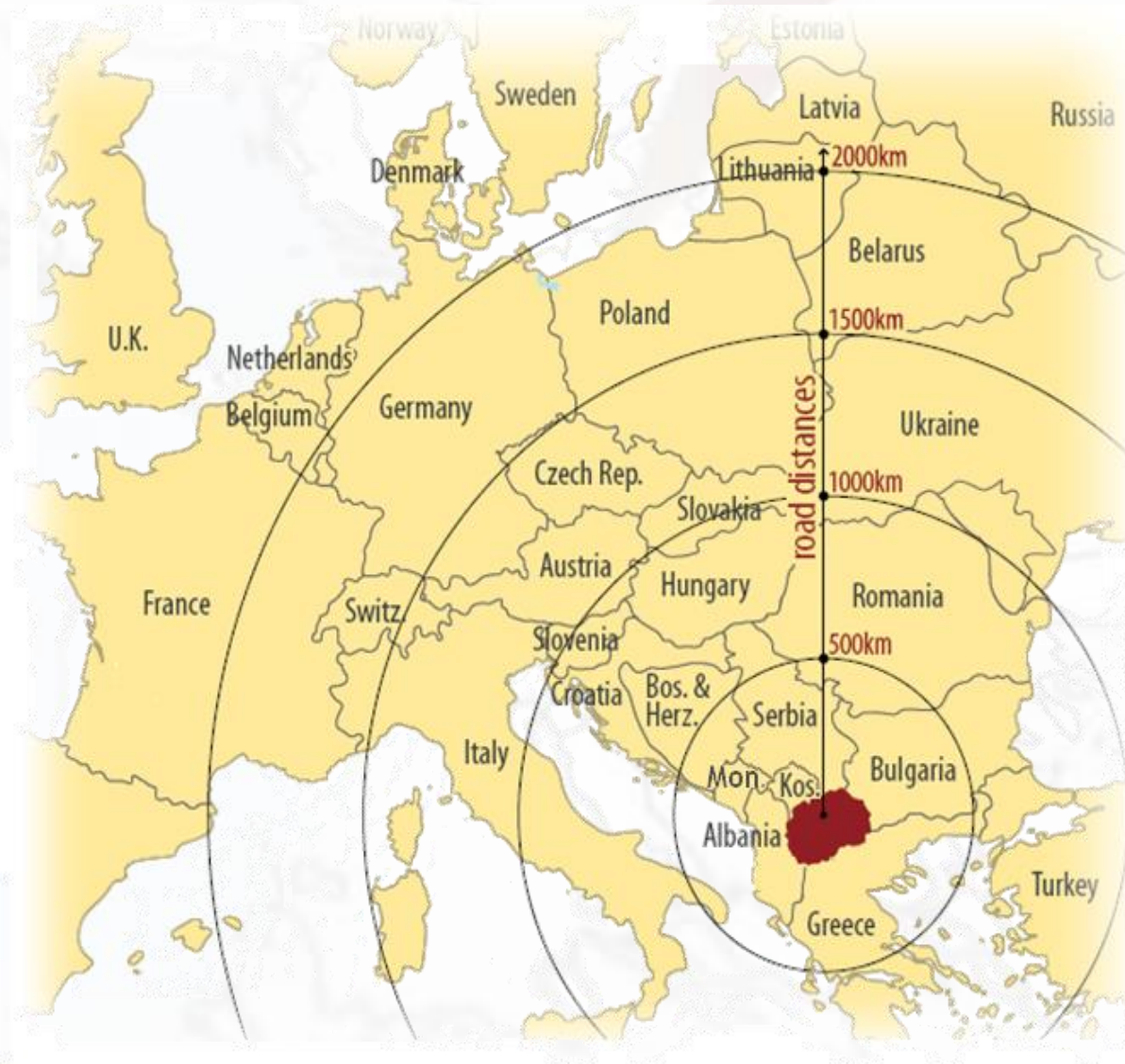
*Unbeatable
Fiscal
Benefits
and Monetary
stability*

*Investment
Incentives*

Higher Profits & Increased Competitiveness

Location and Transport Infrastructure

- Two Pan-European corridors:
 - East-West Corridor 8
 - North-South Corridor 10
- Road network: 9,205 km
- Railway network: 900 km
- Two international airports:
 - Skopje
 - Ohrid
- International ports*:
 - Thessalonica (Greece): 250 km
 - Durres (Albania): 300 km



* Distance from Skopje

Sustainable Work Force Supply

- **41.5% of population under the age of 30**
- **High intellectual capital**
 - **85% of high school graduates enroll in Universities**
 - **Multiple vocational high schools in each city**
- **Tailor-made training programs through Vocational Schools or Universities**
- **5% of GDP spent on education**
- **€ 60 million investment for 200 new laboratories in technical Universities**

Unbeatable Fiscal Benefits and Monetary stability

*Stable fiscal and
monetary environment
- the lowest taxes and
inflation rates in the region
and a stable currency !!!*



- 10% corporate tax
- 10%-18% personal income tax
- 0% tax on reinvested profit
- 0 % tax in operating in Technological industrial development zones
- VAT 18%, with 5% on specific items
- Real estate taxes at 0.1% - 0.2%
- Double taxation and investment protection agreements signed with many countries

Economic Indicators

Inflation

Low inflation, average 2% annually
in the last 18 years

Currency

Denar pegged to the DM/Euro for last
26 years (1 Euro=61,7 denars)

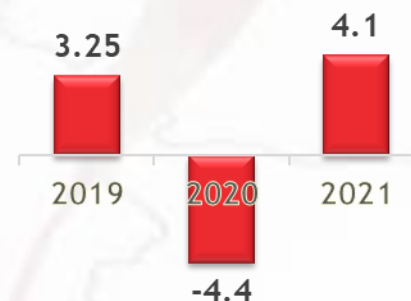
Average Net Salary

470 euro per month
(minimum salary 300 euro per month)

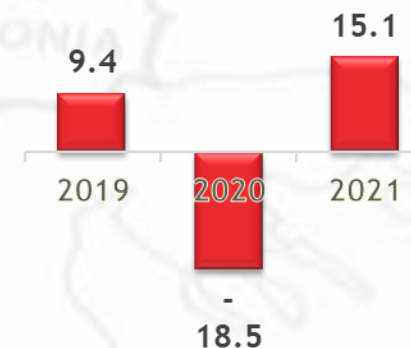
Foreign Trade - 2021

Export: 6,9 bn euro
Import: 9,6 bn euro

Real GDP Growth Rate (%)



Export Growth Rate (%)



FDI (% GDP)



Free Trade Agreements

Free access to markets in 40 country with 600 million consumers

- **EU – European Union (27 countries)**
- **EFTA – European Free Trade Association (4 countries)**
- **CEFTA – Central European Free Trade Agreement (8 countries)**
- **Bilateral Free Trade Agreements with: Turkey and Ukraine**



Political stability

- NATO member since 2020



- EU - Candidate country
(compliance with EU reg.)



Continuous implementation of Regulatory and Administrative Reforms

Regulatory Reforms

- One-Stop-Shop: 4 Hours Company Registration without Minimum Start-up Capital
- Regulatory Guillotine (Reduced Administration Fees, Time Limits and Documentation)
- Electronic One-Stop-Shop for Customs Permits and Licenses
- Improving interoperability (exchange of information) between government institutions, which reduces red tape and regulatory burden on companies

Liberalization of Labour Market

- Modern Labor Law
- Improved labor force flexibility

Cadastre Reforms

- Digital Cadastre covering 99% of the Real Estate in Macedonia
- Notaries, Banks, Municipalities and Land Surveyors have privileged access to the Land Register by an on-line system to obtain extracts of real estate and check if it is free of burdens and mortgages

Liberalization of Real Estate Market

- Foreigners free to purchase real estate and construction land
- Simplification of procedures for obtaining construction permits from 21 to 3 steps

Governmental Incentives Scheme for Strategic Investments

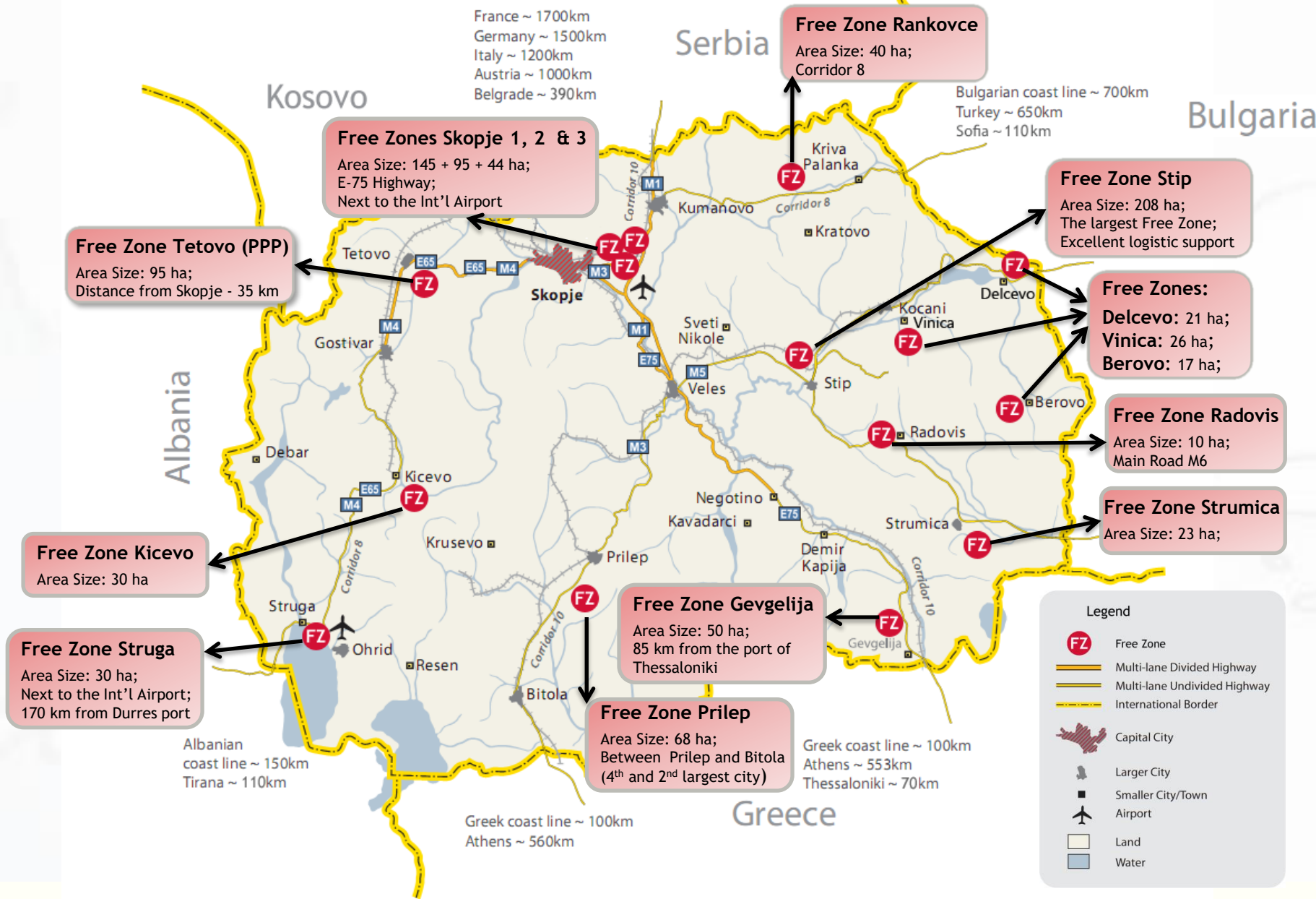


- ✓ Up to 50% Government support in the max period of 10 years providing tailor-made solutions
- ✓ 10-year tax holiday for profit and corporate tax
- ✓ 100% reduction of personal income tax for a period of up to 10 years
- ✓ Return of 10% of investment costs in new machines and equipment or investment in buildings
- ✓ R&D measure - up to 50% return on investment
- ✓ Investors are exempt from payment of VAT (value added tax) for imports and trade of goods in the free zones
- ✓ Investors are exempt from payment of custom duties for equipment, machines and spare parts



TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONES (TIDZ's) – FREE ZONES

Investment Opportunities in the 15 Free Zones



Investment Opportunities in the Free Zones

Fiscal Benefits

TAX	TAX RATES	
	TIDZs	Outside TIDZs
Corporate tax	0% for the first 10 years	10%
Personal income tax	0% for the first 10 years	10%
Value added tax	0%	18% or 5%
Property tax	0%	0.1% - 0.2%
Excise taxes	0%	5% - 62%

PRODUCT	CUSTOMS DUTY	
	TIDZs	Outside TIDZs
Raw materials	0%	Up to 15%
Equipment	0%	5% - 20%

- Free connection to utilities - complete infrastructure available
- Green Customs Channel available at border for rapid export from Zone to EU countries
- Land in the TIDZ is available under long-term lease for a period of up to 99 years (0,10 euro/m²)
- Investors are exempt from paying utility taxes to the local municipality and fees for land building permits
- All incentives are in line with the EU regulations

Major Greenfield Investors



Plant 1, TIDZ Skopje 1: €80M; 350+ employees; Exhaust catalyst manufacturer supplying all OEM plants in Europe;
Plant 2, TIDZ Skopje 1: €65M; 300 employees; Set to double production



Plant 1: €25M; 600 employees; Production of buses & coaches for the USA and EU markets; Plant 2: €15M; 400 employees



Plant 1: €10M; 150 employees; Production of armored high-pressure rubber hoses; Plant 2: €11M; 150 employees



€25M; 500 employees; Production of capacitors (consolidation of European footprint)



€30M; 2,500 empl in 7 plants; Production of interconnect products for automotive, telecommunications and aerospace



€15M; up to 2,500 employees; Plant for production of seat covers



€35M; 600 employees; 15,000 m² plant; Production of PCBs, plastic and molded containers and final assembly (Daimler, BMW and Audi)



Over €15M; 1000 employees; 15,000 m² plant for production of Airbag Cushions and Modules



€70M - in six years (€35M in phase 1); 1,000 employees; Plant for production of technologically advanced mechatronic and electronic products



€15M; 1,000 employees; Production of high-quality cables, solenoids and mechatronic systems



€25M; 3,500 employees; Production of electric wires and cable harnesses for European carmakers



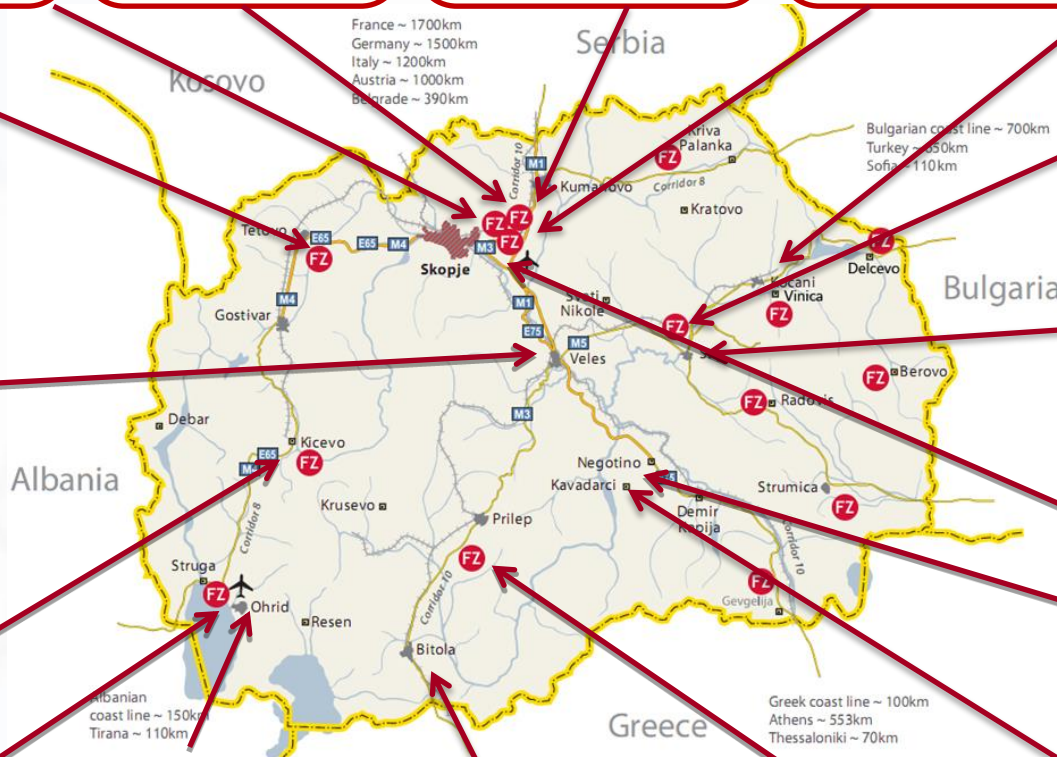
€20M; up to 2,000 employees; Plant for production of seat and steering wheel heaters and seat climate technologies



€10M; 150 employees; Wire harness automotive supplier; Production of automotive cables and wires



€35M; 5,500+ employees; Plant for production of wiring harness and electrical management systems



Business Opportunities in different sectors

- Machine and automotive components industries
- Agribusiness and Food processing
- ICT
- Healthcare sector (medical devices and pharmaceuticals)
- Energy and mining
- Textile and clothing
- Finance sector
- Real estate and construction
- Tourism



Machine and Automotive Components Industry

- Hub at the Balkans for automotive industry
- Existing engineering and manufacturing tradition - Component production started in the 1960's to supply Zastava, Serbia
- Legacy of skills available to new investors

Particularly suitable for the high value added products with labor- intensive manufacture

*In January 2021 total export increased for 15.4%
(65% export of automotive components)*



Agribusiness and Food Processing

- Agribusiness is one of the fastest growing sectors with more than 10% increase over the past three years
- More than 400.000 people make whole or part of their income from agriculture activities
- Sector comprises 16% of national GDP
- Unique combination of Continental and Sub-Mediterranean climates
- Technologies for food processing
- Excellent access to regional markets
- Strong reputation for quality food products

Oriental tobacco and Macedonian wines are leading products followed by fruits and vegetables, food processing, sheep and goat cheese production, industrial crops etc.



Energy Sector

- Government strongly committed to developing the energy sector through public and private investments.
- National strategy based on diversifying the sources and types of energy use, in particular the renewable ones

- *Solar-Photovoltaic power plants*
- *Wind*
- *Hydro power plants*
- *Biofuels*



- Mining sector is essential for the country's economy, with a relatively high share in the industrial production and a significant contributor to the country's GDP.
- Macedonia has deposits of the following mineral resources:
 - ✓ Metallic mineral resources: lead, zinc, copper, gold, silver, nickel, iron, manganese, antimony and other
 - ✓ Non-metallic mineral resources: marble, granite, onyx and travertine
 - ✓ Water: mineral, thermal and geothermal water
- Research and Exploitation concession for mineral resources awarded for up to 30 years with possibility for extension up to 30 years

Textile and Clothing

- High flexibility and readiness to adapt to the demands of foreign market
- Esteemed reputation of Macedonian textile producers on the EU market
- High quality standard of Macedonian personnel with attractive costs
- Short period from orders to delivery
- Good transport and logistics services
- Employs 1/3 of employees in the manufacturing industry

2nd biggest industrial sector of the country and is one of the leading processing industries in the country with significant results in the formation of GDP, high absorption of labor and exports.



- Fastest growing sector - growth rate 47% in the last 5 years with total income of almost 1 billion euro
- Quality software & IT services & superior technical and business know-how at competitive prices
- Investments by the government and telecommunications companies in IT, decrease in the price of IT equipment & decrease in VAT for the equipment
- Very well educated IT experts
- Technological Parks Development Possibilities

Pharmaceuticals and Medical Devices

- Existing pharmaceutical industry exports to over 30 countries worldwide
- Strong educational system, with an abundance of medical and pharmacy graduates
- Great potential for spa and wellness development
- Supportive regulatory environment
- Licensing arrangements in place with many of world's leading pharmaceutical companies
- Available sites at industrial and free economic zones for production of medical devices and pharmaceutical products

One of the few countries in the world with legalized production of cannabis for medical purpose



Real Estate and Construction Sector

- ❖ One of the most dynamic and profitable sectors
- ❖ Many opportunities:
 - hotels and spa centers
 - apartments
 - hospitals
 - business premises
 - shopping malls
- ❖ Experienced and well trained workforce



Financial Sector - Safe, Strong and Profitable

- Macedonian banking and insurance sectors are healthy and profitable
- Structural liquidity in the banking system is sufficient and, according to National Bank's latest stress tests, provides strong buffers to withstand severe deposit outflow shocks.
- Still great potential for new products and services, in particular in the insurance sector
- Well educated people in the financial sector
- Some smaller banks and insurance companies are openly offered for sale
- New wave of microfinancing (fast loans) - boom made by the financial centers

Macedonian Tourism Sector

Summer Destinations

- 43 Lakes of which 3 tectonic Lakes: Lake Ohrid, Lake Prespa, Lake Dojran.
- Lake Ohrid is one of Europe's deepest and oldest lake, declared a World Heritage site by UNESCO
- Water sports, archeological, wine, eco and rural tourism and camping and casino tourism



Winter Destinations

- Over 16 mountain ranges, with around 35 peaks exceeding 2.000 m
- 70% of the territory is mountainous and many locations have more than 100 days of snow
- Opportunities for development and enhancements of hotels and spa resorts on many locations



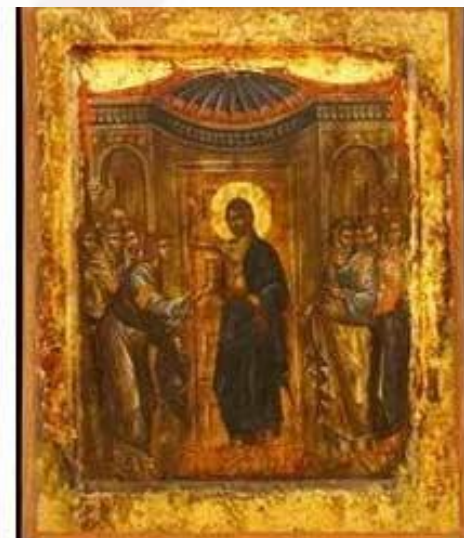
Macedonian Tourism Sector

Historical and Culture Heritage

- 4,293 archeological sites
- 992 churches and monasteries
- 23,000 icons (2nd most valuable collection in the world)
- 228 mosques, inns, Turkish baths and old bazaars,
- 47 towers and fortresses

Spa tourism

- Territory rich with geothermal waters
- More than 60 thermal springs
- Identified locations for construction of new spa centers and hotels



Investing in the Tourism Sector

- 8 Free Tourism Development Zones

OPPORTUNITIES IN TOURISM

TOURISM DEVELOPMENT ZONES

Reduced VAT from 18% to 5%
Numerous benefits for foreign investors
Free Tourism Development Zones



*No VAT on:
construction materials;
construction services.
*Personal income tax of 0%
for the first 10 years

SUBSIDIES

Stay of minimum 3 nights
Group of minimum 10 people
Subsidies from 15 up to 65 Euro



CAMPS

possibilities & support
for auto camps

Thank You !!!

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