



### III. Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

#### Basic indicators for the foreign trade and foreign exchange developments

	month	(in US Dollar million)	Monthly changes in %	I-V.2003 (in US Dollar million)	Changes in %
					compared to the same period of the previous year
<b>Foreign trade</b>	V.2003	327.5	6.4	1,461.2	27.1
<b>Export</b>	V.2003	120.1	2.3	532.0	30.1
<b>Import</b>	V.2003	207.4	9.0	929.2	25.4
<b>Balance</b>	V.2003	-87.3	19.7	-397.2	19.6
					compared to the end of the previous year
<b>Foreign debt</b>	V.2003	1,631.2	4.3	-	7.5
<b>Exchange rate on foreign exchange market</b>	V.2003				compared to same month of the previous year
(Denars per unit foreign currency)					
<b>MKD / USD</b>		51.92	-7.0		-20.1
<b>MKD / EURO</b>		61.38	0.3		0.7

Source: State Statistical Office of the Republic of Macedonia and National Bank of the Republic of Macedonia



## 3.1.

Foreign trade<sup>7</sup>

*In May 2003, monthly increase in the foreign trade of the Republic of Macedonia was registered, with an increase in the exports'...*

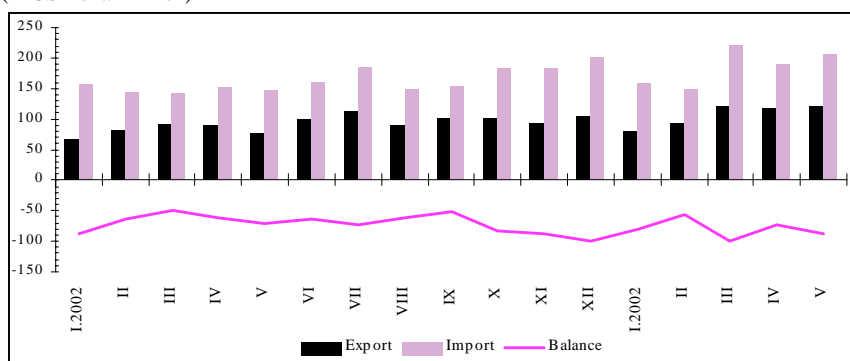
*...and more intensive increase in the import of goods being registered*

In May 2003, the volume of the foreign trade of the Republic of Macedonia registered monthly increase of 6.4%, and equaled US Dollar 327.5 million. The increase is caused by the intensified exports and imports by 2.3% and 9.0%, respectively, the shares of which reached the monthly level of US Dollar 120.1 million and US Dollar 207.4 million, respectively. The monthly increase in the exports is due to the increase in the export products of higher importance classified in the categories "clothes and textile" (of 4.8%), "iron and steel" (of 6.1%), "tobacco" (of 24.0%) and "beverages" (of 30.9%). Analyzed by structure, in May 2003, the highest share in the exports of the Republic of Macedonia accounts for "clothes and textile" (27.2%) and "iron and steel" (21.5%). The monthly increase in the imports is mainly due to the higher import of textile for further processing (monthly increase of 42.0%), which represents 13.6% of the total import registered this month. The trade balance deficit equaled US Dollar 87.3 million and it increased by 19.7% on a monthly basis.

The annual comparison (May 2003 / May 2002), shows that the total foreign trade of the Republic of Macedonia registered an increase of 46.5%, with an increase in the exports and the imports of 56.5% and 41.3%, respectively, being registered. The trade deficit increased by 24.6% on annual basis.

Chart 20

Exports, imports and balance of foreign trade  
(in US Dollar million)



*In the first five months of 2003, an increase in the foreign trade of 27.1% was registered*

In the January - May 2003 period, the foreign trade of the Republic of Macedonia reached US Dollar 1,461.1 million, which is a cumulative increase of 27.1%. More dynamic increase in the export component of 30.1% was recorded, with the increase in the imports of 25.4% being registered (the exports and the imports reached US Dollar 532.0 million and US Dollar 929.2 million, respectively during the analyzed period). From the aspect of the structure of the exports, in the January - May 2003 period relative to the same period of the previous year, the sale of iron and steel increased by 76.1%. This is due to the improved performances of the domestic steel industry, as well as to the initiated integration processes of the South-East European countries in the area of this industry. The increased export to Serbia and Montenegro, where a large share of the domestic steel industry is placed, mainly the hot rolled tin, also acted in this direction. On the other hand, the textile industry increased its export activity compared to the same period of the previous year (an increase of 36.0%), which, having in mind the reduced textile production, is due to the increased engagement in the area of further processed products for foreign partners. The import of mineral fuels and refined petroleum products with a share of 16.0% dominates

<sup>7</sup> Preliminary data of the Statistical Office of the Republic of Macedonia. The export of goods is presented on f.o.b. basis, while the import of goods is presented on c.i.f. basis



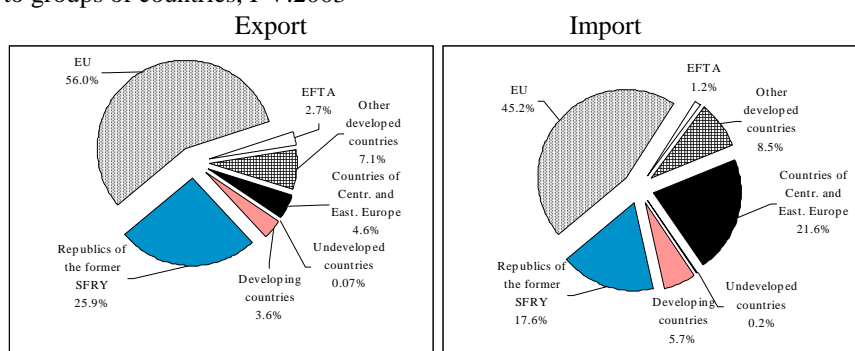
the structure of the imports in the analyzed period, which is due to the high import realized before the USA attacks on Iraq. The import of iron and steel for further processing, as well as textile for further processing, registered a cumulative increase of 66.1% and 35.4%, respectively, which is in line with the recorded higher export activity. The import - export coverage ratio in the January - May 2003 period equals 57.3%, which is an improvement of 2.1 percentage points compared to the same period of the previous year.

*European Union -  
dominant group of  
countries in the foreign  
trade of the Republic of  
Macedonia*

In the January - May 2003 period, the dominant group of countries in the foreign trade of the Republic of Macedonia is the European Union (EU), where 56.0% of the total exported goods were placed, while 45.2% of the total imported goods in the Republic of Macedonia originate from the EU. During the analyzed period, the export to EU increased by 35.0%, while the import by 32.1%, so the export-import coverage ratio with the EU equals 70.8%. Regarding the Republics of the former SFRY, both components of the trade, i.e. the export and the import increased by 15.5% and 20.6%, respectively. The placement of goods in the Central and Eastern European countries registered an increase of 20.9%, while the imported goods originating from these countries increased by 20.2%.

Chart 21

Foreign trade of the Republic of Macedonia according to groups of countries, I-V.2003



In the first five months of 2003, observed from the aspect of individual countries, the three most important trading partners of the Republic of Macedonia: Germany, Greece and Serbia and Montenegro dominate the foreign trade structure of the Republic of Macedonia, with their share accounting for 43.9% of the total trade. The cumulative deficit registered in the foreign trade with these countries represents 20.4% of the total cumulated trade deficit registered in the total foreign trade of the Republic of Macedonia.