



### 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-VII.2003 (in US Dollar million)	Changes in %
					compared to the same period of the previous year
<b>Foreign trade</b>	VII.2003	315.4	5.4	2,076.7	21.5
<b>Export</b>	VII.2003	122.7	3.5	773.3	24.6
<b>Import</b>	VII.2003	192.7	6.6	1,303.4	19.7
<b>Balance</b>	VII.2003	-70.0	12.4	-530.1	13.3
					compared to the end of the previous year
<b>Foreign debt</b>	VII.2003	1,624.9	0.1	-	7.1
<b>Exchange rate on foreign exchange market</b>	VII.2003				
(Denars per unit foreign currency)					
<b>MKD / USD</b>		53.63	-0.1		-8.5
<b>MKD / EURO</b>		61.24	-0.1		0.3

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



## 3.1.

Foreign trade<sup>5</sup>

*In July 2003, monthly increase in the foreign trade of the Republic of Macedonia of 5.4% was registered...*

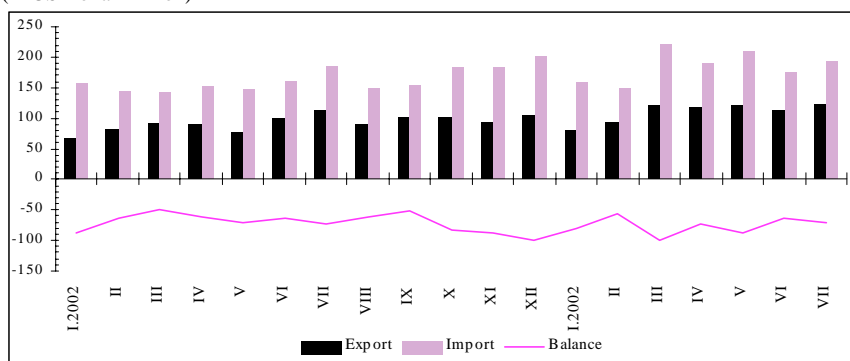
*...with more dynamic increase in the import than in the export being registered*

In July 2003, the volume of the foreign trade of the Republic of Macedonia registered monthly increase of 5.4%, and equaled US Dollar 315.4 million. The export increased by 3.5% and equaled US Dollar 122.7 million, while the import increased by 6.6% and equaled US Dollar 192.7 million. The trade balance deficit equaled US Dollar 70 million, which is a monthly increase of 12.4%. In July 2003, the export - import coverage ratio declined by 1.9 percentage points and reduced to 63.7%. The increase in the exports is due to the increased export<sup>6</sup> of clothing and textile (by 23.2%) and the export of iron and steel (by 16.3%), the structural share of which was dominant and equaled 31.6% and 21.6%, respectively. Analyzed by structure, the dominant share in the exports of the Republic of Macedonia accounts for products for further processing (21.2%) and mineral fuels (9.4%). High monthly increase was registered in the import of mineral fuels (by 46.9%), while within the import of products for further processing, an increase of 5.1% was recorded in the category "textile" (the participation of which in the total import amounting to 15.7%).

On annual basis, (July 2003 / July 2002), an increase in the total foreign trade of the Republic of Macedonia of 5.4% was registered, with an increase in the exports and the imports being equal to 8.1% and 3.8%, respectively. The trade deficit in the balance of payments declined by 3.0% on an annual basis.

Chart 21

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



*In the January - July 2003 period, a cumulative increase in the foreign trade of 21.5% was registered*

In the January - July 2003 period, the volume of the foreign trade of the Republic of Macedonia reached US Dollar 2,076.7 million, which is an increase of 21.5%, compared to the same period of the previous year. The export made during the same period increased by 24.6% and equaled US Dollar 773.3 million, while the import increased by 19.7%, thus reaching US Dollar 1,303.4 million. From the aspects of the exports, the highest cumulative increase was registered in the export of iron and steel (73.0%) and clothing (26.6%). From the aspect of the structure of the imports, the largest cumulative increase was registered in the import of mineral fuels (34.1%), as well as in the import of iron and steel for further processing (79.3%) and textile for further processing (30.3%). The export - import coverage ratio in the January - July 2003 period equals 59.3%, which is an improvement by 2.3 percentage points compared to the same period of the previous year.

<sup>5</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

<sup>6</sup> According to the division of products on the basis of tariff numbers.

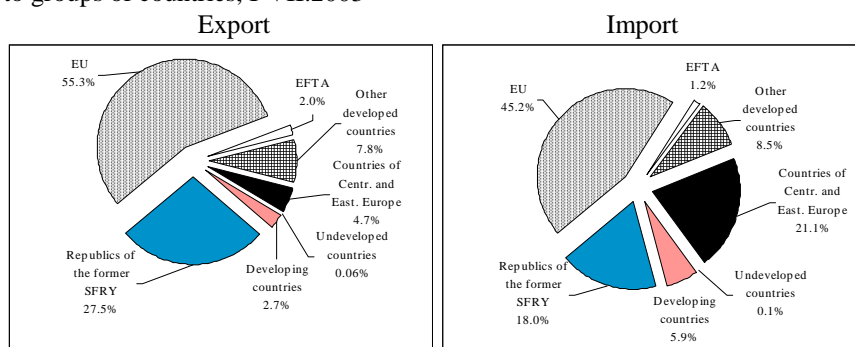


*European Union -  
dominant group of  
countries in the foreign  
trade of the Republic of  
Macedonia*

In the January - July 2003 period, 55.2% of the total exported goods were placed in the European Union, while 45.2% of the total imported goods in the Republic of Macedonia originate from the EU. The export to EU increased by 32.7%, while the import by 18.5%, so the export - import coverage ratio with the EU equals 72.4%. During the analyzed period, the placements in the Republics of the former SFRY increased by 13.3%, while the import increased by 15.3%, so the export - import coverage ratio with this group of countries equaled 90.9%. The placement of the Macedonian goods in the Central and Eastern European countries<sup>7</sup> registered a significantly lower increase (13.3%), contrary to the increase in the imported goods originating from these countries (27.2%), so the export - import coverage ratio equaled 13.2%.

Chart 22

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



In the January - July 2003 period, the most significant foreign trade partners of the Republic of Macedonia are: Germany (with its share in the total trade being equal to 15.9%), Greece (14.4%) and Serbia and Montenegro (13.2%). The export to Germany registered an increase of 16.8%, while the import 12.2%; the export and the import to Greece increased by 63.1% and 46.5%, respectively; the export and the import to Serbia and Montenegro increased by 11.9% and 25.5%, respectively. The import - export coverage ratio with the three most important trading partners - Germany, Greece and Serbia and Montenegro equals 93.5% 52.7% and 122.5%, respectively. In comparison with the same period of the previous year, the export - import coverage ratio increased in the case of Germany (by 3.7 percentage points), but it is lower in the case of Greece (by 5.4 percentage points) and Serbia and Montenegro (by 14.8 percentage points).

<sup>7</sup> This group of countries encompasses the former Soviet Republics as well.